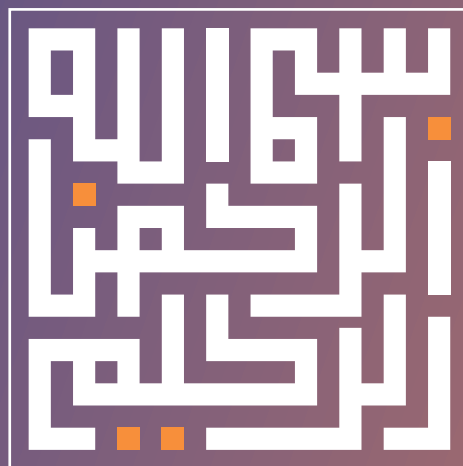


# Annual Report 2021









The Custodian of the Two Holy Mosques  
King Salman bin Abdulaziz Al Saud



His Royal Highness Prince

Mohammed bin Salman bin Abdulaziz Al Saud

The Crown Prince, Deputy Prime Minister and Minister of Defense

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A photograph of a modern conference room. In the foreground, several black office chairs with chrome bases are arranged around a long white table. The room has large windows in the background, letting in bright light. A blue semi-transparent rectangle is overlaid on the right side of the image, containing the text 'Board of Directors'.

# Board of Directors



**H.E. Dr.**  
**Khaled bin Saleh Al Sultan**  
**The Chairman of BOD**



**H.E. Dr.**  
**Najm bin Abdullah Al-Zaid**  
**Vice Chairman of BOD**



**Nabil bin Abdulaziz Al-Naeem**  
**Member of BOD**



**AbdulKarim bin Ali Al-Ghamdi**  
**Member of BOD**



**Mohammed bin Abdulrahman Al-Blaihed**  
**Member of BOD**



**Raed bin Nasser Al-Rayes**  
**Member of BOD**



**Waleed bin Ibrahim Shoukry**  
**Member of BOD**



**Isam bin Alwan Al-Bayat**  
**Member of BOD**



**David Crane**  
**Member of BOD**

# The Chairman's Message

During the year 2021, the Saudi Electricity Company (SEC) took firm steps towards achieving what the company always seeks for excellence in our business, based on the ambitious strategic goals set by the Board of Directors for this pioneering national edifice locally, regionally and internationally. These steps had a significant impact on modernizing and developing the company's sectors and the aspirations of the customers in obtaining highly reliable electrical services in accordance with the highest international safety standards.

SEC has made remarkable achievements and successes this year, with Allah's grace, despite the challenges imposed by the Corona pandemic and the difficult economic conditions. There is no doubt that all of these achievements would not have been made without Allah's help and the great care that the electric power industry enjoys in the kingdom given by the wise government under the leadership of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and his trusted Crown Prince, His Royal Highness Prince Mohammad bin Salman bin Abdulaziz (May Allah protect them) and the continuous support of His Royal Highness Prince Abdulaziz bin Salman, Minister of Energy (May Allah protect him). This generous support enabled our company to move towards more growth, development and expansion. Furthermore, the company is enhanced by a clear orientation and focus on the atmosphere and reliability of services, and strategic planning aimed at keeping pace with Vision 2030. This will lead SEC closer to achieving the company's vision and providing world-class energy services to our beloved country and our valued customers.

Every year we work on preparing the company's annual report, and we proudly discern the achievements and numbers we have made. This year was not different from previous years in accomplishing great successes as the company achieved in 2021 numbers that confirm the level of its success in implementing the set policies and strategies.

In this annual report, we are pleased to summarize the most notable achievements of SEC during 2021 future projects, along with the major plans and projects on which we rely to contribute to achieving major leaps in the performance of the company in its various sectors and business lines.

In financial terms, the company witnessed remarkable development this year in the performance of the electrical organization and its achievements, as the value of its assets amounted to around SAR (475) billion. There is no doubt that this advancement in the financial position of the company was the result of, firstly, the financial, structural and organizational reforms in the electricity sector in the Kingdom carried out by the ministerial committee in charge of restructuring the sector. Secondly this advancement was due to the company's signing of an agreement with the government represented by the Ministry of Finance to address the financial obligations owed to the government by the company. This agreement also addressed a number of financial and structural challenges faced by the sector and the company in previous years. These reforms enabled the company to raise the level of quality of services provided to customers and enhance the efficiency and reliability of the electricity sector in line with the objectives of vision 2030.

To confirm the effectiveness and success of the reforms and their contribution to improving the company's financial position and its credit record, "Moody's agency" raised the company's credit rating from (A2) to (A1), which is the same as the Kingdom's sovereign credit rating, while "Fitch Investors Services" raised the company's credit rating from (A-) to (A) with a stable future outlook. This is the same degree as the Kingdom's sovereign credit rating as well while the agencies "Fitch" and "Standard & Poor's" raised the independent rating of the company (except for the impact of government support).

In view of these positive signs, the company always looks forward to building long-term relationships with financing partners of all categories, besides making good use of the strong internal flows of operations to meet the requirements of operating expenses and enhance its financial position.

Further, it must be noted that the reforms that have been introduced, have contributed to making a financial sustainable, stimulating and attractive structure for investment in the electricity sector, while enhancing the generation efficiency of the plants, reducing the use of liquid fuels, raising the level of environmental compliance and enhancing the reliability of the electricity transmission network to enable the production of electricity from renewable energy sources to achieve the objectives of reaching optimal energy generation and improving the distribution networks, in order to achieve the desired goals to enhance the reliability of the services provided to the customers.

In addition, the reforms aimed at achieving strategic foundations in the electric power sector in the Kingdom of Saudi Arabia were based on a clear road map that included six principles and objectives represented in:

1. All customers having access to a supply of electrical energy that is safe, sufficient, high quality and efficient.
2. Increasing efficiency in order to reduce the cost of providing electrical service.
3. Raising the quality of service and focusing on the satisfaction of customers in the services provided for them.
4. Creating a stimulating and attractive environment for investments in the electricity sector that contributes to economic development and aligns with the requirements of the Kingdom's Vision 2030.
5. Pioneering environmental commitment and contributing to the achievement of the Kingdom's sustainable development goals.
6. The company's contribution to the development of local content, the localization of electrical industries, and the development of national capabilities.

In parallel, the company worked to achieve the aspirations of shareholders, develop their rights and facilitate their access to information, as it paid great attention to enhancing the quality of disclosure of financial results, important developments and fundamental changes, focusing on the timing factor and the way they were communicated to shareholders.

It is not a secret that SEC succeeded in the past few years at achieving a major breakthrough in the field of digital transformation, especially with its ambitious project, smart meters, which included the replacement of more than 10 million mechanical meters with smart meters for all customers in various regions, cities and villages.

In coordination with concerned authorities, and in order to achieve the goals of Vision 2030 and the company's strategic objectives by localizing the electrical industries nationally and globally, the company has worked through its "BINA" program to enhance the local content in the smart meters project by localizing more than (40%) of the total smart meters, in addition to raising the percentage of purchasing from local factories to more than (67%).

Undoubtedly, the aforementioned successes and achievements are backed by national cadres who have gained great professional and technical expertise and exerted extensive and focused efforts that have contributed to achieving top results.

We will strive to raise the ceiling of our high aspirations, based on the ambitious goals set by the Board of Directors for this pioneering national edifice locally, regionally and globally, which will have a big impact on the modernization and development of the company's sectors, as well as the aspirations of customers to obtain a highly reliable electrical service, in accordance with the highest international safety standards.

Finally, I extend my highest thanks and gratitude, on my behalf and on behalf of my fellow board members, leaders, officials and employees of the company to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and His Royal Highness the Crown Prince, Prince Mohammad bin Salman and I also thank His Royal Highness Prince Abdulaziz bin Salman, Minister of Energy (may Allah protect them), for his great support and follow-up of the company's work, which contributed to making these achievements, asking Allah to help us all to achieve more successes in the field of electric power industry to support the progress of our beloved kingdom.

**Dr. Khalid bin Saleh Al-Sultan**

**Chairman of the Board of Directors**

# CEO Message



The year 2021 was a witness to the achievements made and challenges faced by the Saudi Electricity Company (SEC), and to prove its ability to move forward at a steady pace towards achieving the excellence it seeks in all its business lines and the expansion of success and accomplishments to constitute a qualitative leap in the progress towards digital transformation and a milestone in keeping with the vision of the Kingdom 2030.

Despite the extraordinary circumstances that the world confronted, the challenges of the Coronavirus pandemic and the harsh repercussions it had on many global economies, there are always positive elements that represent a momentum and balance driving us towards greater successes.

From this standpoint, SEC was able to achieve operational excellence and strengthen its human and material capabilities benefiting from its accumulated experiences and high caliber to cope with changes. This resilience and rich expertise contributed to making remarkable accomplishments, high-scale projects and advanced services based on the latest international standards. This was done with the commitment of the directives of our wise government under the leadership of the Custodian of the Two Holy Mosques King Salman Ibn Abdulaziz, and his trusted Crown Prince, His Royal Highness Prince Mohammad Ibn Salman Ibn Abdulaziz - may Allah protect them-, continued support and follow-up of His Royal Highness Prince Abdulaziz Ibn Salman, Minister of Energy, the efforts of the Board of Directors executive management and all SEC employees.

These achievements are topped by the expansion of SEC's customer base as the company was able to deliver electric services to more than (428) thousand new customers in various sectors, bringing the total number of customers to (10,501,427), while the total sold energy reached (292,510).

I am pleased to present the most significant achievements of the company's Business Lines during the past twelve months as follows:

#### **Generation Business Line (BL):**

- Increasing the energy produced through (486) electric energy production units in (42) power plants spread in most regions with a total capacity of (55) gigawatts, representing (67%) of the total generation capacity in the Kingdom.
- The energy produced in 2021 from the generation BL during the past 12 months amounted to (186.9) TWH, constituting (54%) of the total electrical energy produced in 2021.

#### **Electricity Transmission BL:**

- Completing the preparation of the Electricity Transmission Company's (Strategy 20) plan for the years 2020-2025 based on achieving (12) strategic objectives for technical and financial efficiency, enhancing the reliability and application of asset management and digital transformation in the business and services provided, with a focus on employees development and meeting customers' and stakeholders' expectations.
- During 2021, the company completed a number of new projects in addition to projects enhancing existing stations.
- The company added (2,371) new circular km of overhead networks and ground cables bringing the total lengths of transmission network lines to (91,424) km of voltage (110) and above.

#### **Distribution and Customer Services BL:**

This BL aimed at raising service delivery rates for new customers, facilitating and simplifying procedures, continuous improvement of distribution networks, developing customer service centers, applying the latest technologies, and developing employee skills which led to the following:

- Adding (26,573) new transformers of voltage (69) kV and below, an increase of (4%) over the total distribution transformers at the end of 2020. Adding overhead circuits and ground cables of voltage (69) kV and below with a length of (36,034) per square kilometer, with an increase of (5%) of the total networks at the end of 2020.

- Raising the level of occupational safety and health by achieving a high score in the Safety Performance Index SPI, which reached (98.32%), which is higher than the target (5.48%).
- The Makkah Electricity Department winning the International Safety Award for the year 2021 from the British Council of Safety.
- Improving the average interruption duration index by (21%) and the average interruption frequency index by (22%) compared to the previous year.
- Raising the percentage of automation in the distribution networks to (9%) (125%) compared to last year, and activating (14) control centers in different regions to enhance the accuracy of the main performance indicators.

#### **The Two Holy Mosques:**

The service of the Two Holy Mosques and holy shrines tops the list of activity concerns. This is demonstrated through the creation of a special organizational unit concerned with the affairs of the Two Holy Mosques. This year, integrated electrical networks were established to raise the electrical capacity in the developed Mina camps with loads of (9.44 M.F.A) in addition to a future plan of estimated total load of (3.316 M.F.A.)

#### **Customer Services:**

- The average waiting time was less than (30) seconds in the call centers (933 - 920001100), and the service delivery time for new customers after payment was reduced to (6) working days, with an improvement of (43%) compared to the previous year.
- Facilitating bill payments and providing more payment options, such as credit cards and Apple Pay.
- Launching a service to understand consumption patterns and establishing a total quality center and a containment center to communicate with influential customers, in addition to an external one related to customers complaining about the service.

### **Integrated Dawiyat:**

In its drive to expand its targeted fiber-optic broadband to homes, Integrated Dawiyat has made several achievements in 2021, most notably:

- Delivering the service to more than (684,000) homes and establishments, allowing the service to be provided to more than (10%) of families in the Kingdom.
- Work has begun to build the first Integrated Dawiyat data centers in Riyadh, which will be the biggest in the Kingdom.
- Connecting all sports facilities in the Kingdom on the Integrated Dawiyat network, with the aim of transmitting sports events via optical fibers such as MBS Professional League, Formula 1 race and Formula E race.

### **Renewable Energy:**

To complement the company's efforts and interest in renewable energy and after signing power purchase agreements with Sakaka Solar Energy Company with a capacity of (300) MW, Dumat Al-Jandal Wind Power Project with a capacity of up to (400) MW and Sudayr Solar Project with a capacity of (1500) MW, Procurement agreements have been signed for the Jeddah and Rabigh solar power projects of (300) MW each, with commercial operation expected in 2023.

### **Manpower:**

The total number of employees reached (32,863), of whom more than (94%) are Saudi.

### **International and Local Awards:**

The company has received a number of international and local awards, and the most notable awards are:

- Two silver awards from the American Association of Ideas: the first was for the "Employee Creativity" program in the "Excellence in Communication and Marketing" category, and the second was the management of the ninth generation plant in Riyadh for the improvement study.
- First place in the British Ideas Competition Award in the design category.
- Excellence Award in Corporate Governance Index for the third time in a row.
- For the third year in a row, the company is ranked among the top ten in the corporate governance index among the non-financial sector companies traded on the Saudi stock market.

### **Social Responsibility:**

Inspired by its mission, strategy and commitment to responsibility to provide business and services to employees, customers and society efficiently and with high performance, "SEC" continued in 2021 exerting hard and focused work to promote and develop its initiatives in the field of social responsibility, with a wide range of achievements to support the community - the most important of which are:

- Employees donating more than SAR (5) million for charities.
- Providing SAR (2) million to the Ehsan Platform for charitable work.
- Offering (2051) opportunities for students in cooperative training and summer training programs.
- Offering training courses in safety and firefighting for more than (500) female students at the Technical College.
- Contributing to the sponsorship of (25) families of prisoners, in cooperation with the "Tarahum" committee.

- Concluding (6) strategic agreements and partnerships with charitable institutions to support social responsibility programs.
- Supporting social welfare activities and programs through organizing a variety of activities in business areas.
- Participating in a number of international events and days.

#### **Coronavirus crisis management:**

SEC succeeded in responding swiftly to the requirements of an open confrontation with the coronavirus pandemic, following instructions issued by relevant government agencies as follows:

- The company has implemented crisis management and disaster recovery plans led by the crisis management team formed for this purpose.
- It continued its efforts for the second year in a row in 2021, by following up, monitoring, investigating and applying health protocols.
- The company urged employees to receive doses of the coronavirus vaccine, which contributed to the percentage of those who received vaccine doses reaching (93.99%) of SEC employees.
- Confirmed cases and recovery cases were monitored and followed up on a daily basis, as their number until the end of the year amounted to (3,011) confirmed cases, only (9%) of the company's employees. It was noted that an increase in the number of infected cases was recorded by the end of the end of 2021. This led to the company's management team to emphasize the necessity of taking the third booster dose of the vaccine by urging employees to complete the doses and follow up the completion of the process.

- The company has issued a number of guides and policies to deal with the pandemic, starting with the comprehensive guide to deal with suspected cases and confirmed cases, which is constantly updated to comply with the updates of the Ministry of Health.

In conclusion, I would like to inform you that what has been presented for you is only a small part of the remarkable efforts and projects included in the pages of this annual report, behind which stood highly qualified and ambitious national cadres, who exerted extensive efforts in accomplishing an impressive success story for this unique national entity, for which they deserve all praise, appreciation and thanks.

I extend my sincere thanks and gratitude, on my behalf and on behalf of my colleagues in the executive management and all the company's employees to our wise leadership - may Allah protect them – for the generous support offered to the company's Board of Directors members who spare no effort in assisting the executive management. We ask Allah the Almighty to enable us to continue making more achievements in the electric power industry with high reliability to support the journey of development in our Kingdom.

**Eng. Khaled bin Hamad Al-Gnoon**

**CEO**



## The Vision

We serve our customers and the Kingdom by delivering world-class power services.



# The Mission

We power the Kingdom that energizes the world.



## Fundamental Values



## Development

### Insistence on Progress

We look forward to leadership and a sense of social responsibility



## Excellence

### Commitment to Excellence

We are interested in excellence, accuracy and flexibility



## Paying Attention

### People are our focus

We offer empathy, attention and support



1

## Electric Power Generation

Reliable power production and electrical system stability.

## Electrical Power Generation Business Line:

Electrical Power Generation is one of the core business lines (BLs) of SEC. Its main tasks are to produce electric power and contribute to the stability of the electric system. It has a major role in restoring order in the event of total darkness. This is done through (485) electric power production units in (40) power production stations spread throughout most regions of the Kingdom.

Actual capacity ranges from small (15) megawatts to large (720) megawatts. These units also have different techniques, including the simple cycle (fixed/mobile) and the combined and steam cycle, which are proportional according to the technology (the simple cycle 33%/compound cycle 27%/steam cycle 40%) and with a total capacity of (55) gigawatts, representing (67%) of the total capacity in the Kingdom.

This makes SEC the largest electricity producer in the Middle East region. Total power generated by the generation BL during 2021 amounted to (186.8) terawatts, constituting (54%) of the total electricity that fed the electric system and was consumed (318 million barrels of equivalent oil) with a production efficiency of (37.1%).

In view of the size of the production capacity of the generation BL, the efficiency of fuel consumption has a tangible impact on the economy. SEC has implemented several projects to increase the efficiency of electric power production, including the conversion of simple cycle to a composite cycle project and the conversion of diesel units to run on raw fuel. In this framework and as an extension of this plan, in 2021 diesel consumption quantities were reduced by (973,000) barrels compared with last year, and this is a continuation of generation efforts to raise the efficiency of performance and improve the use of fuel from 2016 to the end of 2021, which resulted in the reduction of (23) million barrels of fuel equivalent.

Preparatory work ensured that the operation and maintenance work continued with efficiency and high reliability despite the difficulties faced by the company, foremost among which was the coronavirus pandemic. During 2021, the maintenance plans were fully implemented in all types as the following:



With Saudi cadres trained for this purpose, representing (90.5%) of the total (6,380) employees in the BL, generation plants have been established at different times, which has posed a challenge to keep up with the requirements of environmental compatibility. During 2021, projects valued at SAR (14.2) million were approved for continuous improvement in line with environmental regulations and policies.

The safety of workers is a top priority. A total of (79) evacuation plans and (9,500) safety inspections were carried out. As a result of these efforts, no deaths, complex injuries or major injuries were recorded.





## The National Grid SA

Reliable and stable power transmission across the Kingdom.

## The National Grid SA:

The National Grid SA is a wholly-owned limited liability subsidiary of the SEC.

### Company's Tasks

The company's tasks include operating the electrical system, following up the loads around the clock, raising the efficiency of the electrical system by economically operating all generation stations connected to the electrical network and maintaining the transmission network to ensure the transmission of electrical energy to load centers throughout the Kingdom with high reliability and stability. The company is also concerned with the expansion and enhancement of the electrical transmission network of substations and transmission lines of (110) kilovolts and above, as well as the capacity of the telecommunications network through multiple stages that include planning, design, and implementation processes while ensuring the continuity of development of programs and operations in various fields.

The National Grid SA's organizational structure includes five main activities: operations and control, maintenance, planning, engineering and technical services in addition to four central departments. The company's tasks are to operate the power generating stations economically and to transmit highly reliable electrical power from its production sites to consumption centers, study and issue the expected loads, and develop plans that will enhance the electrical network to meet the expected demand for the coming years, in addition to serving major customers and determining their needs and the best way to supply them with electricity. The company also strives to create a suitable and stimulating environment for its staff with the aim of developing their expertise to achieve excellence in operational planning.

### Highlights of the company's Work

The Strategic Transformation Program (Itcan) team has completed the preparation and updating of the transmission company strategic plan for the years 2020-2025 after monitoring internal and external trends affecting the electricity sector and ensuring alignment with the strategic directions of SEC and the main stakeholders.

The strategy is based on achieving a set of strategic objectives to raise efficiency, enhance network reliability, implement company-wide asset management and digital transformation, with a focus on developing employee competencies and meeting stakeholders' expectations.

Through the company's plans and goals to boost electricity supplies while reducing costs and continuing work to complete the national electricity grid, the company completed a number of new projects in 2021, in addition to projects to strengthen existing plants. The projects aim to improve and develop the transportation network and raise its efficiency, with the company adding air networks, land-based cables and switching stations as well as fiber-optic networks. Air networks and ground-based cables added (2371.68) circular km, representing (2.66%) of the existing networks at the end of 2020 and they are as follows:

### Transportation systems

The total length of Transmission Lines reached (91,533) circuit kilometers by the end of the year 2021. The company added Overhead Lines, Underground Cables and Transforming Substations in addition to the fiber-optic networks. These include Transmission Lines of (2371.68) circuit kilometers, which is (2.66%) of the network size at the end of the year 2020.

With the following details:

- Extra High Voltage (380-230) KV: An addition of (1457.25) circuit kilometers, of which (48.94) are underground cable circuit kilometers and (1408.31) overhead line circuit kilometers.
- High Voltage (132-110) KV: An addition of (914.43) circuit kilometers which consists of (338.76) circuit kilometers of underground cables and (575.67) circuit kilometers of overhead lines.

40 new Transforming Substations were also added in 2021.

### Fiber-optic Network

The National Grid SA owns the latest communications modes to transmit information at very high speeds through light signals passing through a bundle of fiber optic cables drawn out with the electrical transmission lines throughout the electrical transmission network in order to connect the generation plants and transmission stations to each other. Monitoring and controlling these plants and stations with high reliability and speed through regional and national control centers, with the necessary readings transmitted and followed directly through them, are one of the most important elements of smart networks because of their characteristics that are in line with modern technologies.

In 2009, planning and implementation to expand and strengthen the electricity transmission networks to reach their current position started by strengthening the transmission network with a network of fiber optics connecting all regions of the Kingdom, while enhancing the internal network in each region separately and thus obtaining a strong infrastructure that supports the company's goals with digital transformation and raising the operational efficiency. In 2020, (1,604) km of fiber optic network was added, and the total length of the optic fiber network was over (82,500) km, placing the company among the largest fiber optic networks in the region.

### The Scientific Council

The council's vision is to support the company's research programs and enable its research progress to be a rite of passage, an organization and a supervisor of all scientific aspects of the company, to maximize the use of all resources and to ensure the implementation of all research and technical studies outputs that are in line with the company's strategic direction. The Council's aim is to contribute to spreading the culture of scientific research within the company, to raise the quality of scientific papers presented at conferences, to draw a map of research projects related to energy transfer, and to strengthen partnerships with major scientific bodies and research centers inside and outside the Kingdom.

The council supported and pursued eight joint research projects with the Institute of Electric Power Research (EPRI) in 2021, which resulted in the company receiving the 2021 EPRI Award for Transfer Technology Utilization & Delivery Power for its contribution to technology innovation (Novel SF6 leak sealing techniques), which aims to address (SF6) leaks, raise network efficiency and lower operational costs.

The Council's efforts have also contributed to the achievement of the Arab Award for Operation and Maintenance in the fourth section: best authority or entity that applies data digitization in managing operations.

As part of its support for local and international forums, the National Electricity Transmission Company has submitted numerous scientific papers during 2021. The total number of papers submitted at internal and external conferences and meetings amounted to (13). The scientific paper (Balancing Mechanism for GCC Countries) received the Award for Best Scientific Paper at the 2021 Gulf Electricity Conference.

### Training and development

The training and development programs of the National Electricity Transmission Company have contributed to raising the technical and administrative level of the company's employees through participation in various training programs and various events such as conferences, meetings, workshops, short courses and other training events. The Improvement Program during 2021 has also contributed to improving and developing procedures and specifications and technical studies for the company, where the number of completed improvements studies for 2021 was (46).

### Transmission networks

New aerial networks  
and ground cables

**2,371**  
KM Circular



Total transport  
networks

**91,533**  
KM Circular

New transfer  
stations

**40**  
Stations

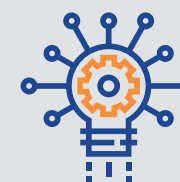


Total transfer  
stations

**1,190**  
Stations

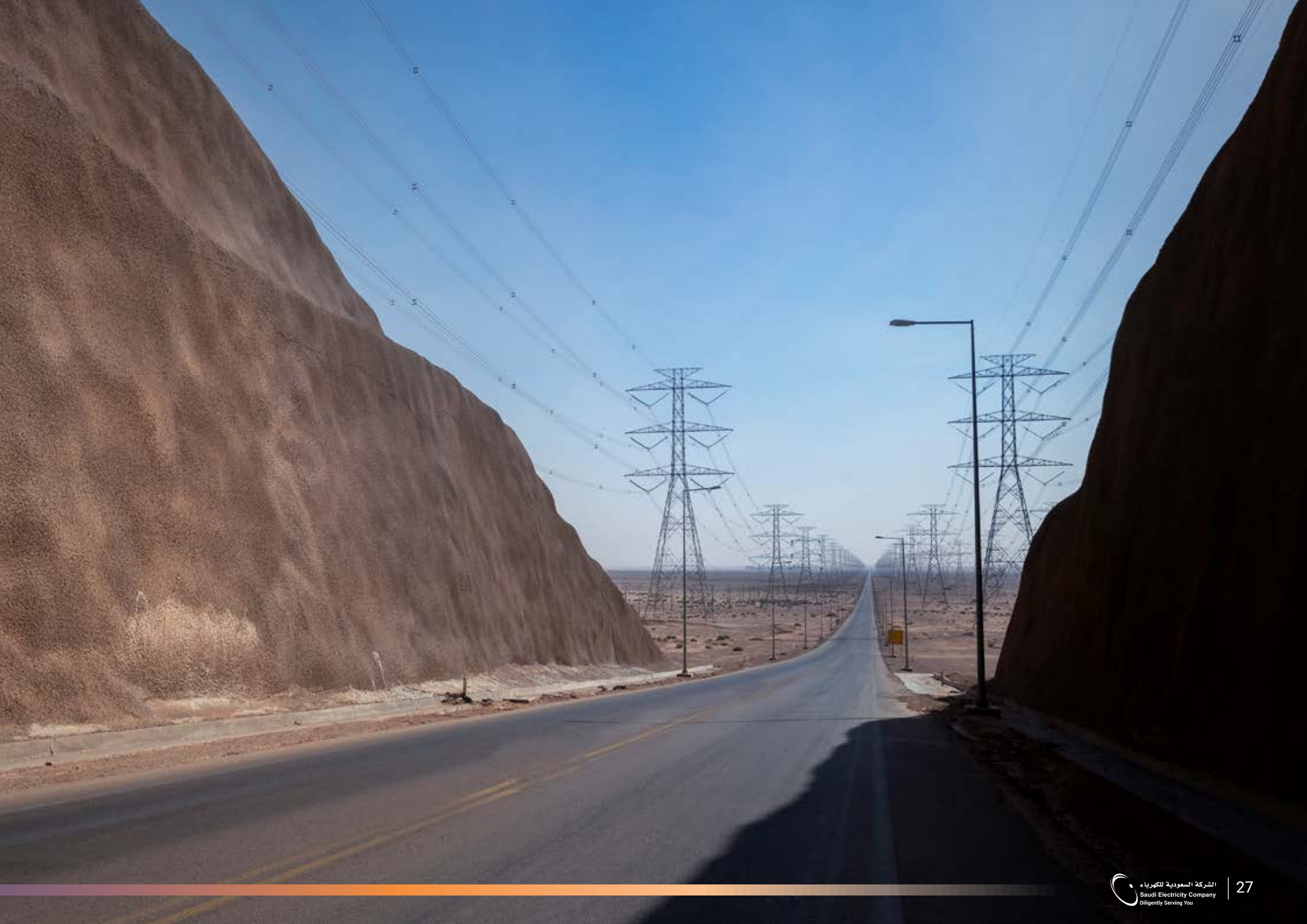
Total FON  
length

**82,583**  
KM

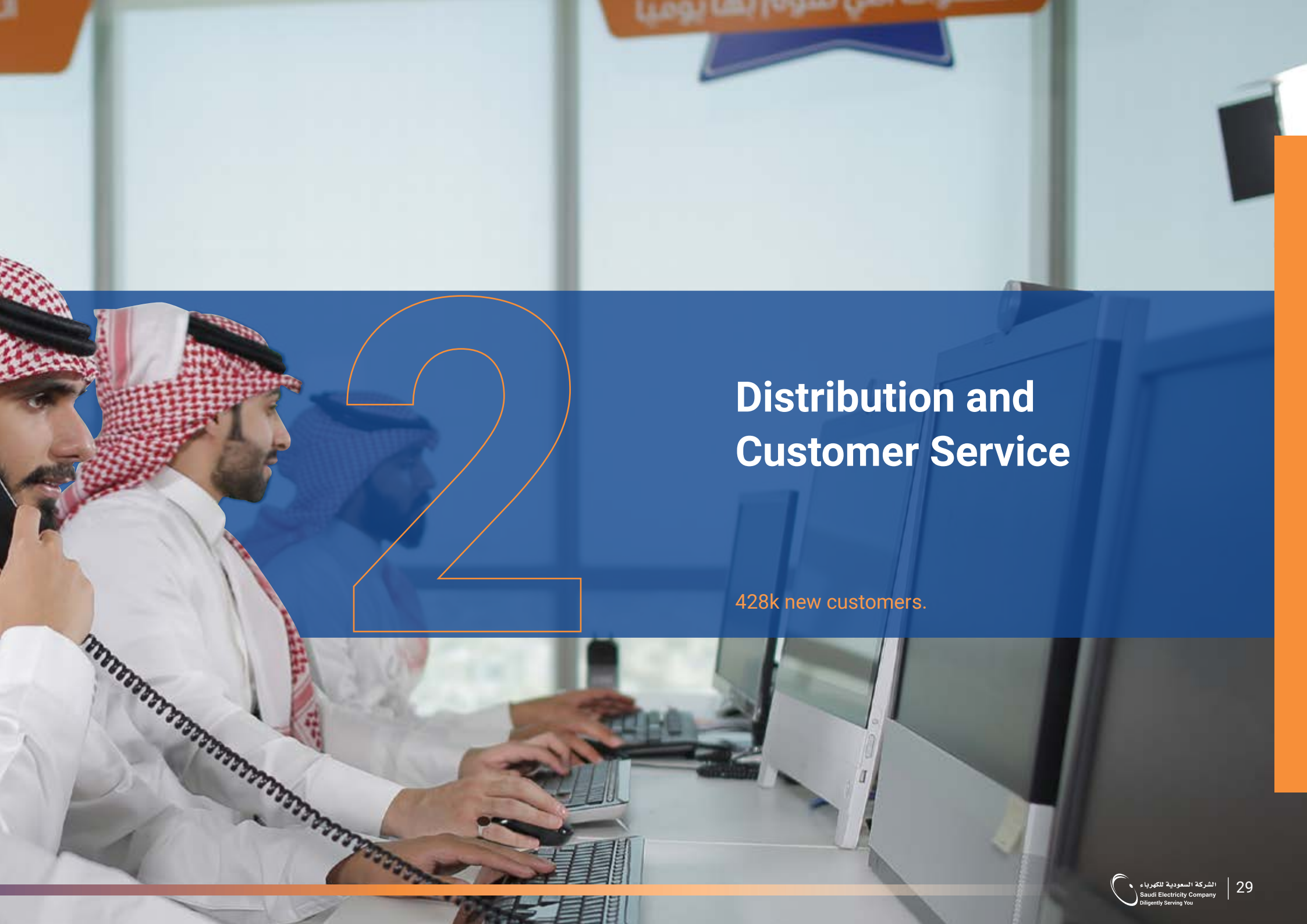


New optical  
fibers

**1,604**  
KM





A photograph of several male call center agents in Saudi Arabia, wearing white thobes and red-and-white checkered ghutras. They are seated at a desk with multiple computer monitors, working in a call center environment. A large, stylized orange number '2' is overlaid on the image.

# 2

## Distribution and Customer Service

428k new customers.

## Distribution and Customer Service:



The Distribution and Customer Service BL is one of the main BLs of the SEC. Its main tasks are to receive power from the transmission and distribution networks and to provide customers with a secure and reliable electricity service. Objectives include increasing the rates of electric service delivery to new customers in cities, villages and population centers, continuously improving distribution networks to increase their performance, increasing energy efficiency and facilitating the procedures for delivery of electrical service, developing customer service centers and applying the latest technologies; developing the skills of employees in calculating the consumption of customers and reading invoices, and continuing interest in raising the efficiency and performance of front-line employees.

The Distribution and Customer Service BLs made a number of achievements during 2021, the most important of which were:

### Providing Services to the Two Holy Mosques and the Holy Shrines

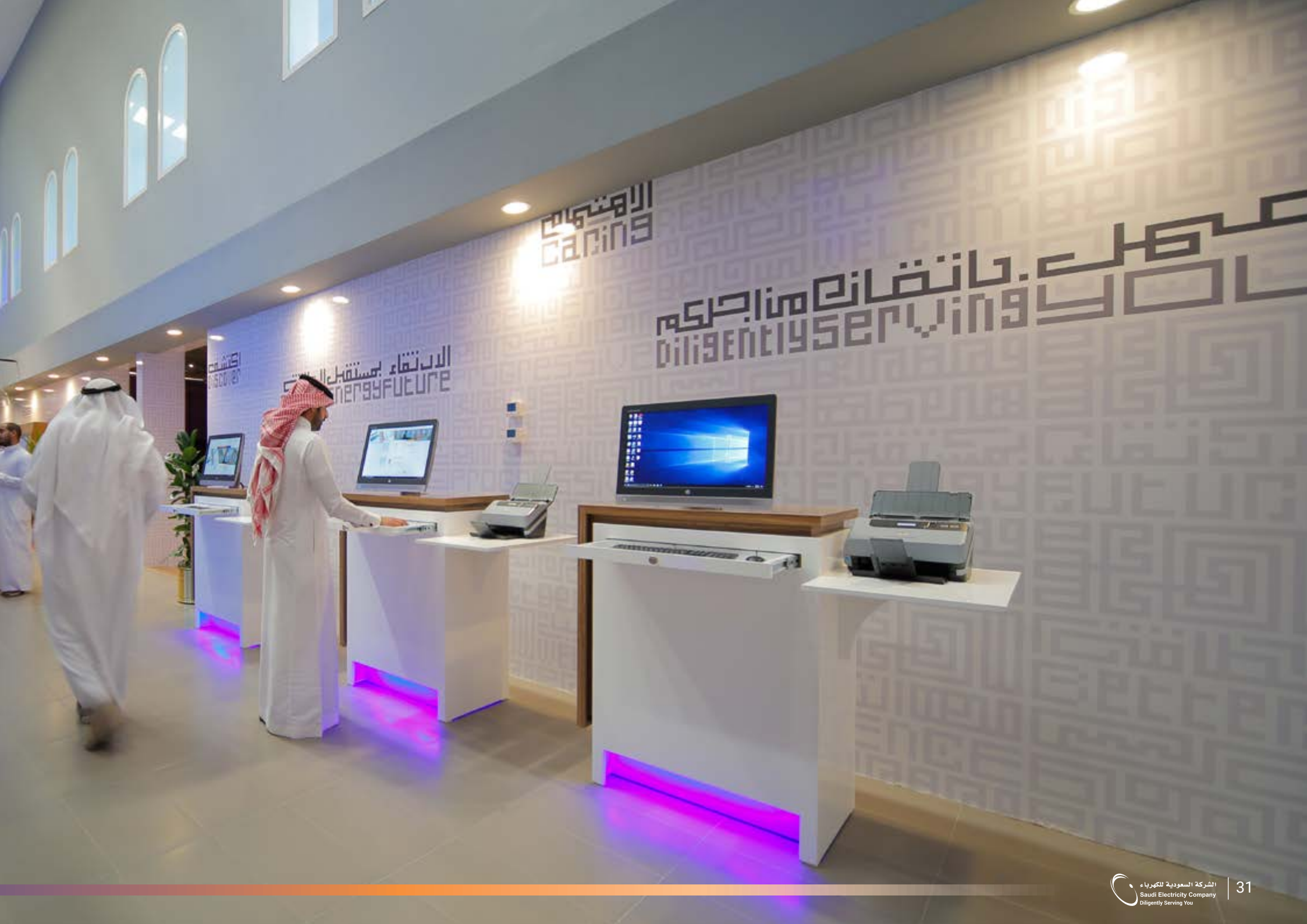
Serving the Two Holy Mosques and the holy shrines is an absolute priority for the Distribution and Customer Services BLs each year, aiming to stabilize the system and provide service with high reliability around the clock. The BLs' efforts have appeared in the service of the visitors of the Two Holy Mosques this year, through the establishment of integrated electrical networks to raise the electrical capacity in the developed Mina camps with a load of (44.9) MVA and a future plan estimated at a total load of (316.3) MVA. The distribution BL is concerned with providing a distinguished service to the Two Holy Mosques through the creation of a special organizational unit managing affairs of the Two Holy Mosques and the holy shrines.

## Customer Service

The Distribution and Customer Service BL continues to work diligently towards providing superior customer service and raising the level of confidence in the electrical services provided by launching a succession of initiatives and projects. The Distribution BL formed specialized, high-efficiency teams to meet challenges and overcome difficulties, and to benefit from all modern technologies available for digital transformation and service delivery through multiple communication channels which allow customers to take advantage of the company's services in an easy and fast way. Spearheading the list of achievements completed by the Distribution Business Line in the field of customer service and digital transformation was the installation of more (10) million smart meters during the year 2021, which will achieve qualitative leaps in customer service, raise their satisfaction, and improve the reliability indicators of the network. The BL was able to add to a series of successive achievements in the past years, the most important of which are the following:

### Safety

- Mecca Electricity Department received the World Safety Award for 2021 from the British Safety Council, considered to be the gold standard for safety affirmation globally.
- Improving occupational health and safety by achieving a high SPI score of (98.32%) over the target by (5.48%).



الابتقاء  
Caring

مكفول بالالتزام  
Diligently Serving You

الابتقاء  
Discover

الابتقاء بمستقبل الطاقة  
Energy Future

## Customer Service

- Focusing strongly on customer service with improved call center response times, averaging waits of less than (30) seconds on the call center (933 and 920001100).
- Reducing of service voucher duration for new customers after payment to (6) business days with an improvement of (43%) over last year.
- Facilitating billing operations and providing more options for payment, with credit card payment provided through the IVR system and reimbursement provided through Apple Pay.
- Providing the company's diversified services through WhatsApp application.
- Launching a service for customers to learn more about their energy usage patterns via the Smart Counters website and application.
- Establishment of a comprehensive quality center to monitor the quality-of-service offices' performance in handling complaints.
- Establishing an external call center to contact all customers with feedback on the service via Twitter or email.

## Improving Network Reliability

- Improving average interruption duration index for customers by (21%) over last year.
- Improving average interruption frequency index for customers by (22%) over last year.
- Improving network performance of the worst nutrients by (41%) over last year.
- Raising the ratio of automation in distribution networks to (9%), an increase of (125%) over last year.
- Operationalization of (14) control centers in different regions, which in turn contributed to enhancing the accuracy of key performance indicators.

## Network Expansion

- (26,573) new transformers were added for voltages of (69) KV and below, an increase of (4%) over the total distribution transformers at the end of 2020, with a capacity of (14,633) MVA, an increase of (5)% over the total capacities at the end of 2020.
- Air circuit breakers and ground cables were added for voltages (69) KV and below, for (36,034) km, with an increase of (5%) of the total networks at the end of 2020.
- Electrical service delivery for more than (428) k new customers.



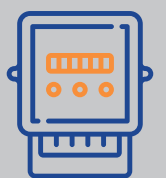
Total power sold

292,510 GWh



Total number of customers

10,501,427

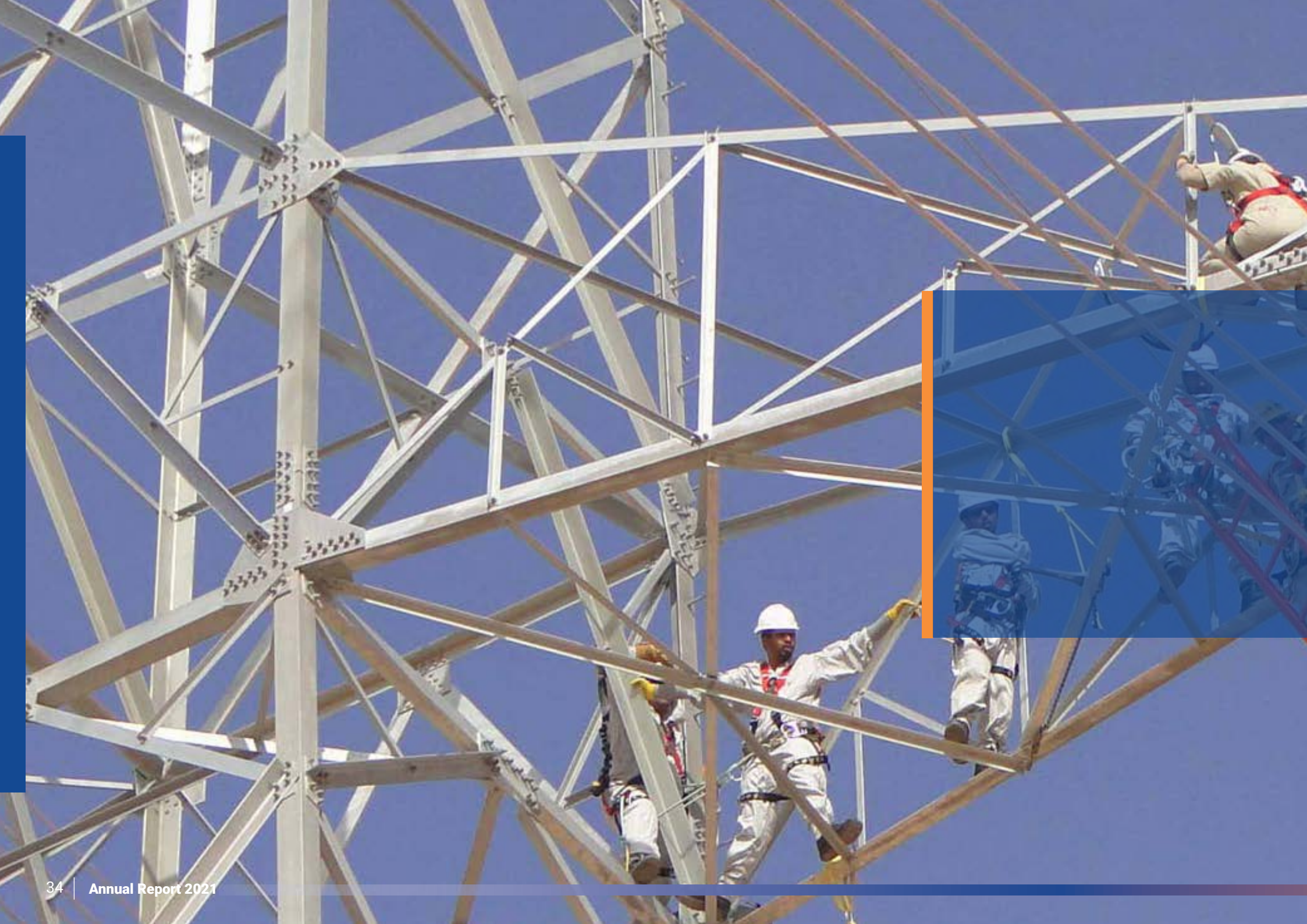


Electric service delivery to

428,876 new customers

نعمل بذكاء. ملتزمين بما يخدمكم  
Diligently Serving You

اكتشف  
Discover



# 3

## Strategic Planning and Business Development

Future plans and renewed opportunities.

## Future Plans and Prospects:

In light of the steady growth of the national economy and the expansion in all aspects of life in the Kingdom, the company aims to meet this demand and to expand to the following by the end of 2024:

- The addition of new generation capacity of about (9.5) gigawatts by the private sector by increasing generation capacity to cope with future loads.
- The addition of (15,921) round kilometers of transmission lines and (76) high-voltage transports.
- The delivery of electrical service to about (1.4) million new subscribers by the end of 2024, bringing the total number of subscribers to (12) million.
- Automating distribution networks to (31%) in 3 years.

Through its development programs, the company seeks to raise the efficiency of employees and provide them with the necessary training to perform their work efficiently and effectively. The ratio of development days to working days will be (3%).

By the end of 2024, as part of the company's job settlement and community service program, the company will maintain the settlement rate of (93.6%).

## Strategic Initiatives:

The company will continue to leverage performance efficiency, improve productivity, and match the company's KPIs with benchmarks set by the world's leading energy companies. In 2021, many strategic achievements were completed, including:

- Reduction in the consumption of (9.2) million barrels of diesel fuel for 11 months between 2020 and 2021, resulting in a financial savings of approximately SAR (307) million (at local prices) with improving to the thermal efficiency of generating units from (39.52%) in 2020 to (39.86%) in 2021 until November, which resulted in savings of (3.5) million barrels equivalent, estimated at SAR (84) million (local prices).
- Installation of (10) million smart meters during 2020-2021.
- Publication of the 2020 Environment, Social, and Governance (ESG) report as well as the Green Sukuk report, which resulted in an increase in the company's Dow Jones Sustainability Index (DJSI) score from (3) to (23).

- Adoption of the company's strategic transformation program in the area of safety for review and assessment of occupational health and safety. The program included a number of initiatives, as follows: organizational structure, attracting expertise, contracting expertise, adopting and disseminating safety communication plans, risk assessment and delayed maintenance at critical locations, and digital transformation in safety and loss prevention.

## Business Continuity Management:

The ever evolving geo-political and business environment has increased the importance for SEC to enhance its resilience and preparedness against any potential threats which may impact the continuity of its operations. SEC has therefore decided to implement an organization-wide Business Continuity Management (BCM) program to increase its preparedness against critical risks and threats and to develop effective recovery strategies and BCMs plans. This system will be reviewed, evaluated and monitored ensuring effectiveness on a regular basis and ensuring improvements of BCMs.

## Important Decisions:

The cabinet approved the dismissal of the state-owned Saudi Energy Purchase Company and the transfer of its ownership.

## Regulatory and Performance Monitoring:

- SEC obtained the full degree of evaluation by reviewing and monitoring internal audit reports of data quality of SEC performance indicators (KPIs) in 2021.
- In accordance with the requirements of the Water and Electricity Regulatory Authority (WERA), SEC obtained the full degree of evaluation by reviewing and monitoring internal audit reports of the data quality in SEC KPIs in 2021.
- In implementation of Royal Decree No. 16031 (21/03/1442 AH, 07/11/2020) the adoption of the Requirement Revenue Methodology (Regulatory Assets Base Model), from 01/01/2021, the Strategic Planning and Business Development BL implemented a plan aimed at improving the performance

of concerned BLs and Subsidiaries in order to keep up with the financial, structural and regulatory reforms in the electricity sector in the Kingdom of Saudi Arabia.

## Company Policies, Procedures and Manuals:

In the area of governance, policies, procedures, and manuals of the company, several projects and initiatives have been developed to ensure governance and authority. These include the standardization and documentation of policies and procedures and the automation of many processes and systems related to contributing to the company's digital transformation journey.

- Developing a governance model to regulate the company's relationship with subsidiaries.
- Updating Authority Matrix Tier I.
- Training company employees in basic concepts in documenting policies and procedures.
- Creating a guide manual to inventory and documenting and procedures and standardized documentation templates.
- Launching the Stage Gate System for planning capital projects.
- Establishing a system for the documentation of memorandums of understanding and international cooperation agreements with companies and external parties.
- Coherence enhancement of strategic planning systems with contracts and materials systems.

## New Business Development:

In the field of business development, SEC has empowered the new business development sector to become the investment arm through which the company aims to increase its financial revenues. More than (40) investment opportunities were studied in various fields.

Among the most prominent achievements in the development of new works during 2021 were:

1. The establishment of the Saudi Company for Energy Services with limited liability, wholly-owned by SEC.
2. Studying the process of acquiring a number of Saudi startup companies.
3. Obtaining the approval of the company's board of directors to enter into an alliance with major local and international companies.
4. Working on investment projects related to the optimal utilization of the company's assets with the aim of maximizing revenues.
5. Developing a stage gate for the New Business Development sector and the completion of the financial and technical evaluation of many investment opportunities through it.
6. Creating a New Business Development Committee for Investment to Review and Approve Investment Opportunities based on Stage gate.
7. Developing the competences of the sector's employees in investment fields and obtain accredited degrees from international universities in this field.

## Service Level Agreement:

Among the most prominent achievements in the Service Level Agreement (SLA) during 2021 were:

- In compliance with the requirements of the Water and Electricity Regulatory Authority (WERA) to implement Service Level Agreement (SLA) methodologies for all support business and in order to keep up with those requirements, all Support Business was included in SLA as service providers in 2021.
- Automation of service requests for new providers recently included in the service level agreement inside the AMER system.
- Launch of the AMER system on mobile phones, which allows the following services:
  - Requesting Services enlisted in AMER system.
  - Creating incidents. The AMER system is considered a second channel for call center 444.
  - Viewing and following up requests.
  - Approval of requests.
- Inclusion of the services of the National Grid within the framework of Service Level Agreement.
- Inclusion of services of the Local Content and Technical Qualification Department within the framework of Service Level Agreement.

## Research, Development, and Innovation:

Based on the role of research and development as a technical enabler in SEC, (37) research projects were conducted during the year 2021 in the following research tracks: (renewable energy, energy storage, generation and fuel efficiency, grid and distribution, digital simulation and smart networks) with the participation of (23) regional and global strategic partners from universities, centers, research institutions and industrial companies. Prototypes of (8) innovative products have also been manufactured with strategic partners, and negotiations are underway to manufacture (3) innovative products for field testing.

Several new innovative projects are also being developed, bringing the total number of incubated projects to 11 innovative projects.

Among the most prominent achievements in the field of development research during the year 2021 are the following:

1. Participating in the national committee led by the Ministry of Energy to study the energy storage systems in Saudi Arabia and to maximize the utilization of energy storage systems along with renewable energy projects and to prepare the technical requirements for Energy Storage Project in Sudair.
2. Renewing research collaboration with King Abdulaziz City for Science and Technology (KACST) by establishing a joint research center for smart grids from 2021-2023.
3. Renewing the strategic collaboration with the Electric Power Research Institute (EPRI) in the United States for a period of 5 years (2021-2025).
4. Signing and starting of works on the two agreements with King Abdulaziz City for Science and Technology (KACST), Taqnia Energy Co. and the Polish company NDC for the applied research projects for cooling using sorption technology in the 9th generation power plant (PP9) to utilize waste heat of water, as well as at King Abdulaziz University by using solar thermal energy as the source for sorption cooling system to cool one of the university's administrative buildings.
5. Benefiting from the outcomes of the research programs and the latest technologies in the fields of electrical energy in partnership with Electrical Energy Research Institute (EPRI).
6. Providing engineering consultancy services and technical studies with direct financial revenues to SEC amounting to (901,318.5) Saudi Riyals, in cooperation with the Saudi Electricity for Projects Development Company, to execute STATCOM projects in Egypt.
7. Completing of the research project for the combustion of low-sulfur heavy fuel in collaboration with King Abdullah University of Science and Technology (KAUST).
8. Completing the applied research project in collaboration with the Swiss company PAL for the removal of salts and impurities from crude fuel at the 10th generation power plant (PP10) in Riyadh.
9. Completing the emulsification of crude fuel for gas turbines project with General Electric Co. and reaching the 7th stage in the technology readiness level (TRL).
10. Completing the research study to evaluate desalination plants at Shoaiba Power Plant with the Electric Power Research Institute (EPRI).
11. Awarding SEC and the National Grid SA by Electric Energy Research Institute (EPRI) for winning the worldwide Technology Transfer Award for the year 2021 for one of the applied research projects that was deployed in the grid substation.
12. Recognizing SEC within the research alliance led by US Sandia Laboratories for winning the global competition by obtaining a grant of USD (600,000) in order to support the technology of using solid particles to store heat and generate electricity by concentrating the sun on sand to produce electricity.
13. Subscribing to (12) research projects in addition to (4) contractual projects with the Electric Power Research Institute (EPRI) in the United States to support the efficiency of the operational processes in the electrical ecosystem: (Generation -Transmission - Distribution).
14. Transferring of knowledge from the research outcomes to more than 1000 of the company's employees through (7) virtual scientific webinars.
15. Launching the artificial intelligence platform system to accelerate the collection of paper requests in the city of Riyadh with the Distribution and Customer Service BLs.
16. Launching an extensive campaign to spread innovative thinking in various regions of the Kingdom.
17. Accepting more than (400) ambassadors of talent and innovation from different sectors and BLs.



ضوئيات المتكاملة  
INTEGRATED DAWIYAT  
للاتصالات وتقنية المعلومات  
For Telecom & Information Technology



Integrated Communications and  
Information Technology  
Optical Company



Dawiyat  
Telecom  
Company

## 1) Integrated Communications and Information Technology Optical Company:

The Integrated Telecommunications and Information Technology Optical Company is a limited liability company wholly-owned by SEC, and was established to provide wholesale infrastructure services to major communications companies.

One of the most important goals of the company is to establish and operate advanced fiber-optic networks in addition to benefiting from the fiber-optic system. SEC is widely spread and covers more than (121,000) kilometers throughout the Kingdom, including villages and the borders.

Strategically, the company seeks to contribute to improving the quality and speed of the Internet in the Kingdom.

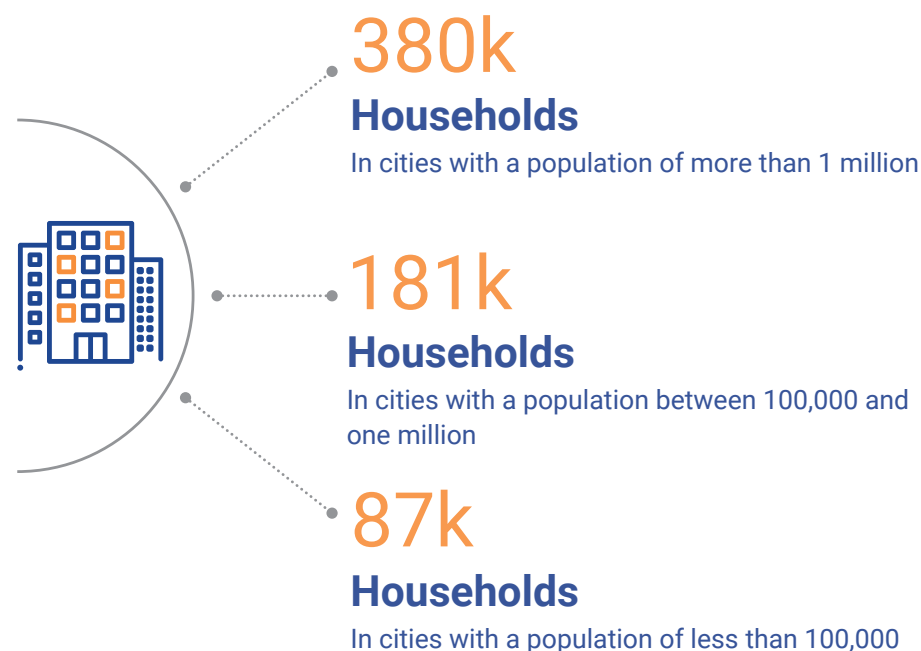
### Company's Tasks

- Recognizing the opportunities and challenges facing Integrated Dawiyat Company for Telecommunications & Information Technology and to achieve the company's objectives and optimal investment which will subsequently lead to the increase of shareholders' profitability. An agreement was signed in 2017 with the Ministry of Communications and Information Technology for the deployment of broadband optical fiber in urban areas, and Dawiyat was consigned to connect the fiber optics to (744,500) households from that initiative and with a government subsidy estimated at SAR (2.08) billion.
- On the basis of this agreement, the Communications and Information Technology Commission granted Dawiyat Company a license to provide infrastructure wholesale services, which entitles Integrated Dawiyat for Telecommunications & Information Technology to provide wholesale services for telecommunications infrastructure within the following services:
  - Towers and masts
  - Small cells, distributed antenna systems, internal solutions, and wireless access points
  - Dark fibers and culverts, including the provision of interconnection services for tower sites or active fixed access services
  - Wholesale services for active fixed data links, including active fixed access services

### The Company's Main Activities and Achievements

In partnership with telecommunications companies (service providers), the Integrated Dawiyat Company plans to open channels of communication and understanding with several ministries and telecommunications companies to provide telecommunications services, and reciprocal marketing services for businesses and individuals. To achieve this, the following work has been completed:

Despite the exceptional circumstances experienced by the telecommunications sector in 2021, we were able to make the service available to about (648) thousand households since the start of the project, allowing the provision of service to about (10%) of all families in the Kingdom as follows:



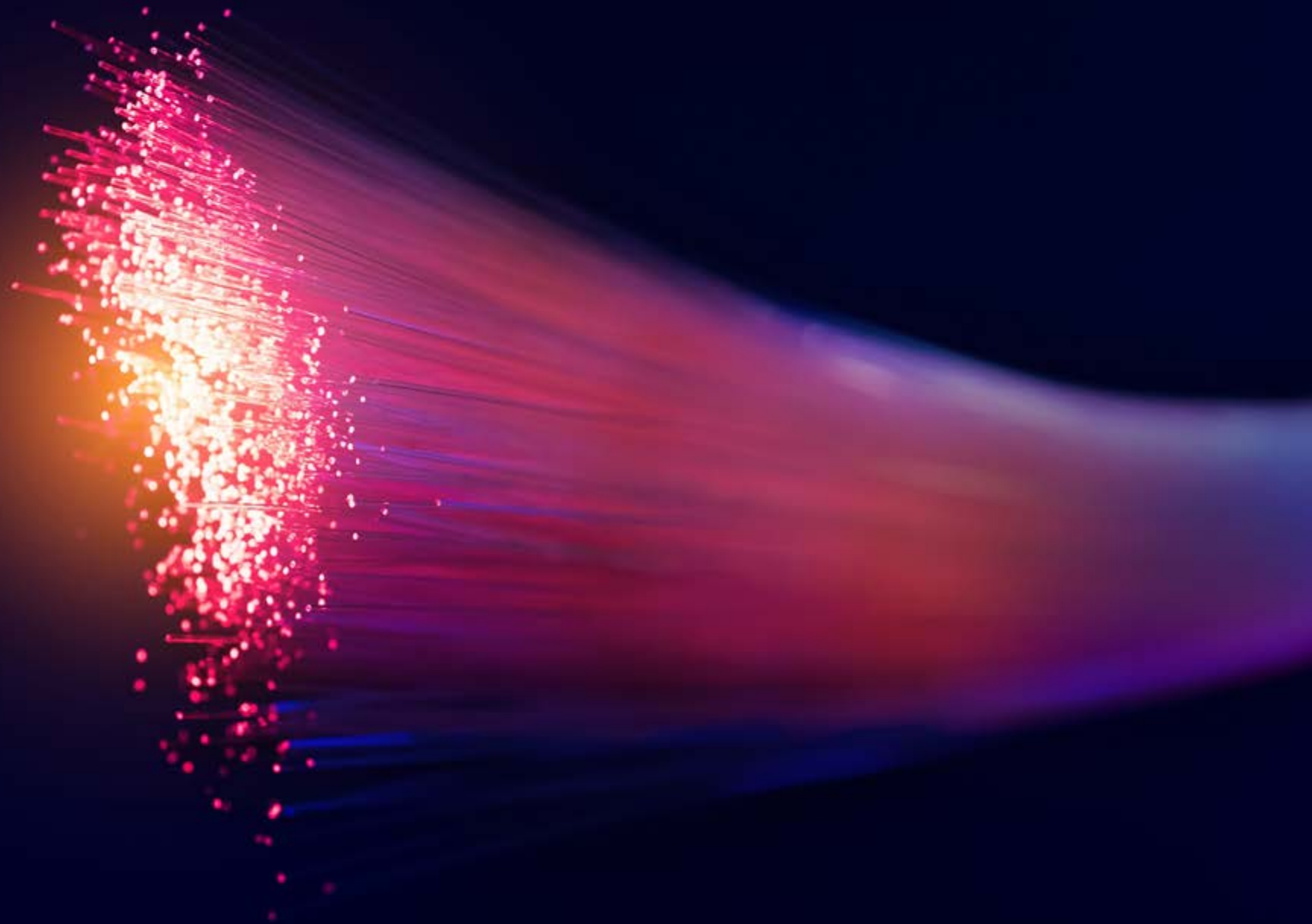
#### Government Subsidy through the Broadband Deployment Initiative:

- Government support amounted to about SAR (1.66) billion from the beginning of the project until the end of 2021, issuing work orders for the transmission of the fiber-optic network to (597,540) houses.
- A unified agreement was signed under the auspices of the Communications and Information Technology Authority to sell fiber-optic service with the Saudi Communications Company and the Mobayli Communications Union Company Zain, Integrated Telecommunications Company and Athab Company. This agreement enabled the integrated optical company to enable the use of the fiber-optic network for homes by KSA Service Providers, providing end-user ordering capability by their preferred service provider directly via the Kingdom's most advanced and fastest integrated optical network.
- Under the (IoT-VNO) Services License by ITC, the company will launch Internet of Things services in the Kingdom .
- The joint cooperation agreement with the Ministry of Communications and Information Technology for the implementation of the Digital Communications Infrastructure Initiative for industrial cities (cities) was activated, and sales operations were initiated within industrial cities. Connectivity services were sold to (10) factories within industrial cities through Zain, Integrated Communications and Azab Communications. Work is under way to accelerate the sales of the largest possible number of factories in the five industrial cities.
- Receiving the communication infrastructure in new housing schemes placed inside the areas of national growth of a number exceeding (88,000) housing units, to get the communication service during work.
- A memorandum of understanding was signed with the Ministry of Communications and Information Technology to build world-class data centers and obtaining approval from the Council of Optical Directors to build the first data center for the integrated optical company in Riyadh, which will be the largest data center in Saudi Arabia.

- The Integrated Optical Company has connected all sports facilities in the Kingdom of Saudi Arabia on a optical network with the aim of transmitting sports events via fiber-optic. Among the most important sporting events are the Prince Mohammed bin Salman League, the Formula 1 and the Formula E races, and the provision of high-speed internet service in the Kingdom.
- The pilot project of using the existing overhead electrical network succeeded in spreading broadband using the aerial fiber-optic network, which represented a significant saving by avoiding the costs of civil works.
- The pilot project succeeded in extending the joint path between the Dawiyat network and the distribution networks on the one hand with the terrestrial networks on the other, which contributed to avoiding duplication of costs.

## 2) Dawiyat Telecom Company:

Dawiyat Telecom Company is a limited liability company and is wholly-owned by SEC. It was established on 23/06/1430H (corresponding to 16 June 2009) based on the decision of the SEC Board of Directors No. 2/86/2009 dated 08/05/1430H.





## Saudi Power Procurement Company (Principal Buyer)

Continuous preparations for a competitive and open electricity market.

## Saudi Power Procurement Company (Principal Buyer):

The Saudi Power Procurement Company (Principal Buyer) is a limited liability company wholly-owned by SEC.

The company has four main organizational units:

- 1 Trade sector
- 2 IPP & Renewable Energy Sector
- 3 Fuel supply agreements sector
- 4 The finance and support services sector, as well as the Department of Legal Affairs

## Company Tasks

Company tasks include the development and establishment of new partnerships for independent production and renewable energy projects and monitoring their implementation under commercial agreements throughout the life of the project for the sale, purchase, supply and efficiency of energy, which would allow them to import, export and trade electric energy via transmission lines for the national electric grid.

## Current IPP projects under development and implementation stages

- Layla solar power plant project in Aflaj is the first project in the Kingdom to be developed using a solar-powered independent production system directly linked to the network. The (10-megawatt) electric plant is the result of a joint effort with King Abdulaziz City for Science and Technology and the Saudi Company for Development and Technical Investment. The project was completed and the commercial operation of the project started in March 2021.
- The Skaka Solar Power Plant project has a capacity of (300) megawatts and signed agreements on 14/02/2018 with the project company of the Saudi Arabian Acwa Power Company, with the participation of the AL-Gihaz Company. The project agreements stipulated that the local content and localization of services and materials must be at least (30%) of construction costs. The project was initially started at the end of 2019 and was commercialized in June 2020.
- Dumat Al Jandal wind farm project has a capacity of (400) megawatts. The agreement was signed in March 2019, with the project company of the French Electricity Company "Électricité de Franc" (EDF) and the UAE Masdar "Abu Dhabi Future Energy Company". The installation and construction work of the project was completed, with the project's commercial operation starting in the fourth quarter of 2021.
- The Rabigh Solar Power Plant project has a capacity of (300) megawatts. A purchase agreement was signed in January 2021 with the project company of the Japanese Marubeni Companies Alliance. Saudi Arabia's Al-Jumaih company is currently working on the project's construction and installation, and the project is scheduled to begin commercial operation in 2023.
- The Jeddah Solar Power Plant project has a capacity of (300) megawatts. The purchase agreement was signed in January 2021 with the project company, which is part of the alliance with French company EDF Renewables and the Emirati Masdar Company and Nesma. Work on the installation and construction of the project is ongoing, and it is planned that the project will be commercialized in 2023.
- The Sudair solar energy project, with a capacity of (1,500) megawatts, represents the first project with the Public Investment Fund within the National Renewable Energy Program, which includes developing (70%) of the Kingdom's renewable energy capabilities by 2030, in line with the objectives of the ambitious Saudi Vision 2030. The purchase agreement was signed with the project company, which is affiliated with the consortium of ACWA Power, Public Investment Fund, and Saudi Aramco, in December 2020. Work is underway on the installation and construction of the project so that the commercial operation of the project will take place in 2024 as planned.
- Taiba Independent Power Plant (IPP), located in the Western Region, with a capacity of (3,600) MW, where the tender documents for the project have been submitted to the developers, and the power purchase agreement is expected to be signed first, and then the plant shall enter the primary service in September 2024.
- Qassim Independent Power Plant, located in the central region of the Kingdom, has a capacity of (3,600) megawatts. Project submissions are currently being prepared for submission. For developers, a power purchase agreement is expected to be signed and the plant will go into service in March 2025.

The following is a table showing the projects of the sector participation program and the support of the private sector in the production of electricity that are (IPP) under implementation and have been planned:

| Project Name                                                                                                             | Production Capacity of the Project (Megawatts) | Investment of the Private Sector in the Project's Capital | Completion Date of the Project |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|--------------------------------|
| Al-Fadhili Cogeneration Plant Project in Cooperation with Saudi Aramco Company (Started operation)                       | 1,504                                          | 40%                                                       | 2020                           |
| Jazan Cogeneration Plant Project in Cooperation with Saudi Aramco Company, and the Company is the Energy Buyer (Planned) | 2,000                                          | 100%                                                      | 2021                           |
| The Layla Al-Aflaj Solar Power Plant Project (Started operation)                                                         | 10                                             | 100%                                                      | 2021                           |
| Sakaka Solar Power Plant Project (Under implementation)                                                                  | 300                                            | 100%                                                      | 2020                           |
| Dumat Al-Jandal Solar Power Plant Project (Running/in operation)                                                         | 400                                            | 100%                                                      | 2022                           |
| Sudair Solar Power Plant Project (Under implementation)                                                                  | 1,500                                          | 100%                                                      | 2024                           |
| Rabigh Solar Project (Project in progress)                                                                               | 300                                            | 100%                                                      | 2023                           |
| Jeddah Solar Energy Project (Under implementation)                                                                       | 300                                            | 100%                                                      | 2023                           |
| Qassim Power Plant Project (Under development)                                                                           | 3,600                                          | 100%                                                      | 2026                           |
| Tiba Power Plant Project (Under development)                                                                             | 3,600                                          | 100%                                                      | 2025                           |

## Interest in Renewable Energy

The company's interest in renewable energy sources came after the signing of a (300) MW energy purchase agreement in 2018 with the Skaka Solar Energy Company. The agreement for the purchase of energy for another project and a new type of renewable energy was signed and completed in 2019, namely the Dumat Al-Jandal Wind Power Project with a capacity of (400) MW for (20) years. Commercial operation is expected in 2022. The purchase agreement for the Sudair Solar Energy Project with a capacity of (1,500) MW was signed in 2020. The commercial operation of the project was planned in 2024. Purchase Agreements for the Jeddah and Rabigh Solar energy projects were signed in 2021, with a capacity of (300) MW each, as the commercial operation of the two projects is scheduled to start in 2023. Similarly, the Purchase Agreement for the Shuaiba solar energy project was signed in the same year with a capacity of (600) MW, as the commercial operation of the project is scheduled to start in 2024.

## The Sudair Solar Energy Project within the National Renewable Energy Program

Development and financial closure of the (1,500) MW solar energy with the alliance of ACWA Power with the Public Investment Fund and Saudi Aramco Company was successful. Construction of the project is under way.

## Projects under the Second and Third Phases of the National Renewable Energy Program

The National Renewable Energy Program (NREP- Phase 2) targeted the development of (6) projects with a total capacity of about (1.47) gigawatts.

The projects include two categories (a and b), as shown in the table below. These projects are classified into two categories, including Category (a), projects with a capacity of less than (100) MW, which includes the Madinah and Rafah projects, and Category (b), which includes four projects with a capacity of more than (100) MW: Rabigh, Jeddah, Shuaiba and Al Qurayyat.

The agreements for the Shuaiba project were signed and work is ongoing to complete the financial closure of the project. The main land agreement for the Al Qurayyat project was signed, and work is ongoing to sign agreements and achieve financial closure for the project.

National Renewable Energy Program (NREP- Phase 3) aims to develop (4) renewable energy projects with a total capacity of about (1,200) MW, which were awarded to qualified developers, with the signing of agreements for the Ar Rass and Saad solar renewable energy projects.

| Project name                                                    | Production Capacity of the Project (Megawatts) | Investment of the Private Sector in the Capital of the Project | Project Completion Date          |
|-----------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------|----------------------------------|
| Phase Two Projects                                              |                                                |                                                                |                                  |
| Class A                                                         |                                                |                                                                |                                  |
| Rafha Solar Power Plant Project (Planned)                       | 20                                             | 100%                                                           | 426 days after financial closing |
| Al Madinah Solar Power Plant Project (Planned)                  | 50                                             | 100%                                                           | 457 days after financial closing |
| Class B                                                         |                                                |                                                                |                                  |
| Shuaiba Solar Power Plant Project (Planned)                     | 600                                            | 100%                                                           | 2024                             |
| Jeddah Solar Power Plant Project (Project under implementation) | 300                                            | 100%                                                           | 2023                             |
| Rabigh Solar Power Plant Project (Project in progress)          | 300                                            | 100%                                                           | 2023                             |
| Al-Qurayyat Solar Power Plant Project (Planned)                 | 200                                            | 100%                                                           | 2024                             |

| Project name                                        | Production Capacity of the Project (Megawatts) | Investment of the Private Sector in the Capital of the Project | Project Completion Date |
|-----------------------------------------------------|------------------------------------------------|----------------------------------------------------------------|-------------------------|
| Phase III projects                                  |                                                |                                                                |                         |
| Class A                                             |                                                |                                                                |                         |
| Wadi Al Dawasir Solar Power Plant Project (Planned) | 100                                            | 700                                                            | 2024                    |
| Laila Solar Power Plant Project (Planned)           | 80                                             | 294                                                            | 2024                    |
| Class B                                             |                                                |                                                                |                         |
| Al Rass Solar Power Plant Project (Planned)         | 700                                            | 100%                                                           | 2024                    |
| Saad Solar Power Plant Project (Planned)            | 294                                            | 100%                                                           | 2024                    |

## Conventional Energy Independent Production Projects

The company is seeking to diversify the sources of electric power and implement Saudi Vision 2030, maximizing partnerships with the private sector and achieving the requirements of the system completion operator. The Saudi Power Procurement Company has begun developing the Tiba project, located in Medina in the western region with a capacity of (3,600) MW, and the Al-Qassim project, located in the central region with a capacity of (3,600) MW, with the independent production model. The operator of the system needs to enter the two projects in the years 2024 and 2025 in a combined cycle system.





# Saudi Electricity Company for Projects Development

Enhanced power generation and transmission capabilities.

## Saudi Electricity Company for Projects Development:

SEC for Projects Development is a wholly-owned limited liability subsidiary of SEC. It is considered the engineering arm of SEC that designs, manages, supervises and implements its projects, as well as the larger customers' projects outside the company. It also works on the localization of engineering and digital expertise of the company's employees and reducing its capital costs.

### Company's Tasks

The company's tasks are the engineering and designing of electricity generation and transmission projects and the supervision of their implementation according to the engineering specifications and quality standards applied by the company, including cost and schedules monitoring, and maintaining environmental and social requirements and the safety of employees. The company is also involved and interested in creative ideas and their development to improve performance effectiveness.

SEC for Projects Development seeks to develop projects that depend on the efforts of specialized and qualified cadres of Saudis who have the experience, knowledge and ability to lead the work in the future to meet the different needs of the company, as well as the needs of the electricity sector in the Kingdom. The company also envisions competing for projects tendered in the local and international markets.

## The Company's Most Prominent Businesses



Supervising the execution of 4 projects to improve generating capacity at a cost of more than SAR (20) billion with a total capacity of (5.5) Gigawatts.



Manage tendering, awarding and signing (77) new transmission projects with an allocated budget of SAR (9.5) billion to improve the performance efficiency of the transmission network while enhancing its reliability and stability.



Supervision of (422) transmission projects including substations and transmission lines to enhance network capacity with a contractual value exceeding SAR (43) billion.



Contributing to the execution of energy projects within "Vision 2030", such as connecting renewable energy projects to the grid to achieve the National Renewable Energy Program, The Qiddiya project, Al-Masara Sport project, NEOM project, Amaala project and other strategic projects in the kingdom.

## The Company's Main Activities and Achievements

- Enhancing generation capacity by energizing (6) new generation units with a total of (1,488) megawatts, and connecting them to the network from (PP13) projects and Waad Al-Shamal power plants, in addition to the re-operation of (6) units using the gas fuel within (PP14) power plant with a capacity of (1,164) MW.
- Enhancing the transmission networks' capacity by energizing substations & Transmission Lines projects through more than (168) projects, including (40) new substations, expanding (15) existing substations with a total transformation capacity of (19,545) MVA, and connecting them to the network via overhead lines and underground cables with a total length of (3,368) km-circular.
- In line with the Kingdom's Vision 2030 goal of converting liquid fuel power plants to gas, a tender has been floated to convert 20 units in PP10 from liquid to gas fuel with estimated budget of SAR (500) million.
- (101) Transmission Projects were signed with total actual value amounting to SAR (17.5) billion, with total network lengths of (4,538) km-circular and total transformer capacity of (14,309) MVA.
- Providing consultancy and engineering services for the Egyptian Electricity Transmission Company for the project of reactive power compensators (STATCOM) at Sharq El Owainat Substation in the Arab Republic of Egypt.
- Tendering the project of advanced monitoring system centers (ADMS) launched with (8) centers in different business districts and a National Control Center in Riyadh at an estimated cost of SAR (437) million to improve the performance efficiency of the distribution network.
- Achieving 5-star rating in internal audit protocol on safety and occupational health management system (OSH ISO 45001).
- Tendering and signing the project of electricity connection between the Kingdom of Saudi Arabia and the Arab Republic of Egypt, where the total value of the contracts is about SAR (5) billion.
- Obtaining (29) certified creative ideas submitted by employees, which contributed to the saving of SAR (81) million.
- Adding of capital assets worth SAR (25) billion after the capitalization of equipment in generation and transmission projects.
- Energizing the concentrated solar power (CSP Technology) in Waad Al-Shamal combined cycle project with a capacity of (50) megawatts which is the first power plant in the Kingdom of Saudi Arabia to have this Technology.





4

## Human Resources

An inspiring present and a bright future.

We seek to establish human resources as the primary partner for our customers to create a distinct and competitive work environment in the labor market to attract, develop and stabilize high-quality workers.

### Labor Force

At the end of 2021, the employment resettlement rate was (93.66%) of the total labor force, which was (32,863) employees.

### International Awards

The company received two prizes from the American Ideas Association in 2021:

- Silver Prize: “Employee Innovation” in the “Excellence in Communication and Marketing” category, Innovation Program.
- Silver Prize: Management of the ninth-generation station in Riyadh, for immunization studies.

The Company won first place in the Ideas UK Competition in the design category.

### Quality and Enterprise Excellence Programs

The company’s quality programs in 2021 generated more than SAR (620) million in revenue by applying the recommendations of the improvement studies and the suggestions of the employee innovation program which promotes the culture of quality and creativity in the company.

### Training and Development

- In 2021, the company implemented its development programs, which included the placement of employees in internal and external courses; the total number of participants in the short development courses reached (59,296) in (189,675) training days.
- The number of participants reached (3,015) (5%) of the total participants, while the number of participants in the context of the coronavirus pandemic reached (56,281) (95%) of the total participants, in addition to the implementation of (161) technical, Safety and professional remote health seminars in cooperation with the largest international manufacturers and

local companies and training academies, with (19,758) participants from inside and outside the company. (778) managers were also trained on how to raise the level of employee engagement.

- The four training institutes of the company achieved excellence in the application of the system of safety management and occupational health, where they obtained a five-star evaluation with an average of (98%) rating. To ensure the reliability of the electrical network, reduce accidents and preserve lives and property, toxic courses and technical accreditation tests were implemented through the company’s training institutes for (9,548) participants of the contractors’ labor.
- In order to enhance the company’s vision by investing in the training institutes through the provision of training services to foreign parties and the company’s contractors, a total of SAR (18) million was achieved in financial revenues.
- Financial revenues totaling SAR (18) million were achieved through the provision of training services to external parties and the company’s contractors, in light of the optimal investment of training institutes.
- An agreement was signed with Takamol for business services with the aim of implementing professional examination tests for expatriate workers in the institutes of SEC, which enhances revenue sources, as (1,455) workers were tested.
- 4 training courses were held for deputies of activities and heads of sectors in the field of cyber security.
- Technical evaluation tests for candidates on the specialized track were carried out for (498) employees, with analytical reports sent with test results to beneficiary departments and activities.
- Completion of a project to link English language proficiency with jobs for generation and distribution BLs, strategic planning, business development, and National Grid SA.

## Executive Leadership Development Center ELDC

Executive Leadership Development Center ELDC is a center to prepare the targeted leaders. Those with the potential to hold a leadership position in the future with a wide range of responsibilities in the company to ensure better replacement plan the career succession.

**451**

Participants

The total number who participated in developing leadership skills programs and were promoted to leadership positions until the year 2021.

**11,367**

Participants

The total number who participated in workshops and leadership programs at the center until the year 2021.

**534**

Participants

The total number who participated in the targeted talent program until the year 2021.

**108**

Participants

The total number of applied education projects of targeted talent programs until the year 2021.

**159,378.90**

Training hours

The total number who participated in workshops and leadership programs at the center until the year 2021.

**4,324.6**

Training hours

The total number of training and mentoring hours offered by the trainers and supervisors of the Executive Leadership Development Center until the year 2021.

**2,319**

Participants

The total number attended the series of workshops titled "Leadership by Impact" department managers and sector heads until the year 2021.

**30**

Top TTP  
Participants  
(2020-2019)

Executive Leadership Development Center (ELDC) developed a new program (Talent Acceleration Journey) as an extension of the targeted talent program until the year 2021.

**320**

Participants

IMD program graduates shared what they have learned and applied from those evolutionary programs with the company leaders, to share knowledge through (6) remote sessions until the year 2021.

**169**

Participants

Executive Leadership Development Center submitted a developmental plan specialized in distribution activity based on activity leaders' needs by the year 2021.

**79**

Company leaders  
attended

In the cooperation with International Institute for Management Development (IMD), (4) programs were launched in the following fields: strategy execution, inspirational leadership, Disruptive Innovation, and crisis management, until the year 2021.

**37**

Participants

Executive Leadership Development Center submitted a developmental plan specialized in supply services and contracts based on activity leaders' needs by the year 2021.

## Restructuring Projects

SEC, represented by the Human Resources Business Line, implemented a series of organizational and structural changes and reforms in line with the national transformation strategies in the electricity industry, which aim to achieve sustainability and enhance the sector's effectiveness in the long term.

The restructuring plan aims to support one of the most important objectives of the Kingdom's energy policy, which is to achieve security, safety, reliability and sustainability for the electricity sector, while enabling it to invest in projects capable of raising the quality of services provided to customers and improving reliability.

SEC will always strive to create conditions and capabilities to enable the electricity sector to carry out its tasks and achieve its goals, which include:

- Moving towards the optimal mix of energy used in the production of electricity in the Kingdom
- Enhancing efficiency of the electricity system, achieving higher levels of safety and environmental standards, and improving distribution networks.
- Committing to reduce the sector's carbon emissions.

## Staff Services

SEC provides health care services to its employees and their family members, including health care for wives, children and parents, and provides outpatient clinics by offering insurance for them through the contract with the Mediterranean and Gulf Insurance, and Cooperative Reinsurance Company (MEDGULF). The health care contracts with these companies were renewed in order for them to continue providing the service in 2022 with high benefits. The company's clinics were also operated through an outside investor.

In 2008 the company launched a savings and investment system aimed at attracting and preserving talent in order to continue in the service by encouraging them to save and invest their money in a safe way that ensures that they increase their income to contribute to securing their future social life when their relationship with the company ends, either because they retire or for any other reason. The program also raises the company's loyalty rate, as the percentage of beneficiaries served under the savings program increased by (3%), with a total of (15,667) beneficiaries by the end of 2021.

For the thirteenth year, the company continued to provide housing loans to

Saudi employees through banks in accordance with the program's regulations to finance the ownership, construction or completion of housing construction, in accordance with the provisions of the Islamic Shariah (Murabaha), with the company's contribution with a margin of profit of (70%) to (100%). The company's contribution is suspended when the employee completes their service for any reason or in case of early payment. The total number of beneficiaries reached (7,616) by the end of 2021.

The digital transformation of service delivery aims to improve the delivery of services to employees and increase their satisfaction through the launch of a number of services that are now being provided electronically (e.g. residential loan program, work injury procedures, mentoring program).

## Social Responsibility

- SEC has prioritized and given great attention to promoting psychological and social health in the work environment and increasing job satisfaction, which contributes to increasing productivity among the employees of the company by understanding the nature of psychological and social problems and helping to treat them through preventive programs with the aim of preserving human resources and achieving a healthy and sustainable working environment, and developing a spirit of loyalty and effective communication between the company and its employees. The company has won third place among (300) participants in the competition to promote mental health, which is supervised by the Ministry of Health and implemented by the National Center for the Promotion of Mental Health.
- (4) community service training courses were offered, for (57) participants (staff and leaders) working in charities in the Kingdom.

## Coronavirus Crisis Management

The company responded quickly to the coronavirus pandemic in accordance with the latest developments and instructions issued by the relevant government agencies in the Kingdom of Saudi Arabia. It activated crisis management and disaster recovery plans led by the crisis management team formed to manage the crisis. Efforts continued in 2021 for the second year in a row, with follow-up, monitoring, investigation, and implementation of health protocols. The company urged employees to receive two doses of the COVID-19 vaccine, which contributed to the arrival of (99.93%) of employees who received the vaccine. Confirmed cases and recoveries are monitored daily, with the number of cases reaching the end of 2021 (3,011) confirmed cases, which represents approximately (9%) of the employees of the company. Cases increased at the end of 2021, along with the emergence of the Omicron variant. The leadership team stressed the importance of a third COVID-19 vaccine dose, motivating staff to boost their protection from the disease.

The company has also implemented a number of evidence-based policies to deal with the pandemic, with the continuous occurrence of incidents, which has been updated, as well as updates from the Ministry of Health. English and Arabic versions were published on the company's website, including a guide on (15) policies.

Initiatives to raise awareness of COVID-19 included:

- 1 Awareness and remote training workshops for staff.
- 2 Training of visual screening officials.
- 3 Health awareness messages from company channels.
- 4 Human factors engineering and laptop remote work.
- 5 Strengthening mental health in the face of the pandemic.
- 6 Skin health and use of sterilizers.
- 7 Protective measures for pregnant women.
- 8 Promoting the safety of the vaccine and the importance of 80% community immunity.
- 9 The importance of booster dose.
- 10 Raising awareness of the Omicron variant and the importance of booster dose.

(5) communication channels (I-CLEAR) have been activated to report suspected and confirmed cases to employees and contractors.



# 5

## Supply Chain and Local Content

Strategic partnerships and continuous distinct improvement in providing services for customers.

## Supply Chain and Local Content:

The efforts made during the year 2021 contributed to the achievement of distinguished goals of SEC, by enhancing the localization and local content in procurements and contracts in addition to increasing the efficiency of supply chains in providing materials and spare parts.

The total value of contracts signed under the BINA strategy was SAR (25) billion with a local content percentage of (33%). The localization of the company's purchases has also been enhanced, reaching (68%), which is equivalent to SAR (6) billion purchased from local factories.

Also, the knowledge transfer efforts succeeded to localize insulated switchgear GIS 380 k.v, a major piece of equipment in the power transmission system.

Supply chains, localization, local content, and network reliability have also been enhanced by increasing the approved sources in commercial transactions with the company, by qualifying (172) contractors, (187) suppliers, and (706) local manufacturers, which serve the different BLs - Generation, Transmission and Distribution - and the number of local Factories certified to supply materials increased to (706).

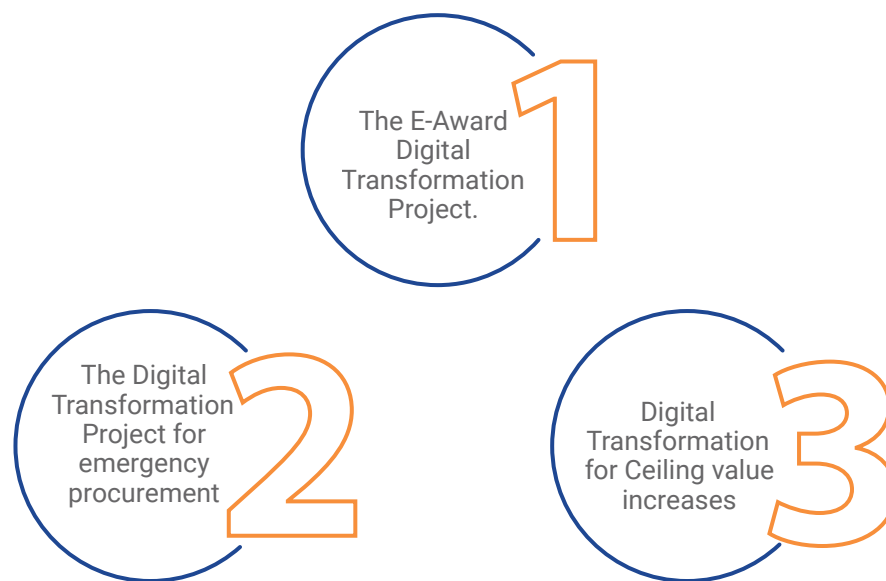
These efforts have significantly increased the company's local content and reached (54%) compared with (49%) the previous year.

We have also been keen to achieve the aspirations of the company and its shareholders by reducing the value of the company's inventory for 2021 by SAR (221) million compared to the actual value of 2020, SAR (4.324) billion, without interrupting the supply for maintenance and operation. The supply availability rate achieved was (94.33%).

Total Warehouse movements in all regions for material (issuance, receipt, transfer and returned) reached (5.4) million in all regions of the Kingdom, while maintaining a high service level of (94.33%). A total of (548) purchase agreements were signed for generation, transmission, and distribution materials, which contributed to reducing the purchase cycle, and the total purchase value to SAR (9,515) million. The value of the materials provided by the Just-in-time (JIT) delivery project reached SAR (3,761) million, while the value of issued purchase orders reached SAR (9,515) million.

In addition, (909) contracts were signed in 2021, compared to (520) in 2020, an increase of (175%). These included a number of strategic and important contracts for the electrical system, which will contribute to increasing the reliability of the electrical system and the realization of the Kingdom's Vision 2030. These include: (The power linkage project between the Kingdom of Saudi Arabia and the Arab Republic of Egypt (Substations, OHT lines, Project Management services), the substations projects for the King Salman Park in Riyadh, the Neom projects, the Dereia gate, the Wadi Saffar and the Ministry of Housing). This is in addition to the unified contracts for the establishment and maintenance of distribution networks, with a voltage of (36) kV. with the aim of delivering and maintaining electricity to customers.

A number of digital transformation projects have been launched, which have contributed to reducing procurement cycle time, raising the efficiency of the offering and awarding processes, reducing risks and smoothing dealing with contractors. Among the most prominent of these projects are the following:



Value of issued purchase orders reached

**9.52**

Billion SAR



(909) contracts were signed in 2021, compared to (520) in 2020,

**175%**

Increase



Total number of contracts signed under "BINA" strategy

**25**

Billion SAR



Percentage of local content in contracts

**33%**



Number of local Factories certified to supply materials increased to

**706**

Factories



Enhancing localization of the company's purchases by reaching a percentage which is equivalent to SAR (6) billion

**68%**



Increasing local content entity level to

**54%**

LC %



Spare parts and materials availability rate reached

**94.33%**



Value of the materials provided by the Just-in-time (JIT) delivery project reached

**3.76**

Billion SAR



Volume of operations managed in the 2021 Material Supply Chain reached more than

**5.4**

Million Movements







## Preserving Safety and the Environment

Our safety and the environment are our top priority.

## Corporate Social Responsibility:

### Updating and Developing the Occupational Safety and Health Management System (5-STAR)

The Occupational Safety and Health Management System compliant with ISO 45001 (5-STAR) has been worked on in both Arabic and English Languages, to comply with international requirements and standards (ISO 45001), as well as updating and developing the annual audit protocol for the occupational safety and health system in compliance with (ISO 45001).

### Establishing the Structure of the Occupational Health, Safety, Security, and Environment Department in the Company

The occupational health, safety, security, and environment department has been established by the company to develop its business management in a way that protects the health and safety of its employees and contractors.

### Indicators of Accidents and Injuries

A decrease in injuries as a result of a work accident for employees was recorded at the level of SEC by (39%) compared to the same period in 2020.

### Planning and Carrying out Executive Safety Committee Meetings and Visits

Carrying out (10) visits of the Executive Committee for Safety (EMSR), using technical media (Virtual), with the aim of achieving the desired goals, the keenness of the company's leading officials on continuous communication with employees, and reflecting positive and ethical behavior.

### Annual Audit

Implementation of the annual audit on the occupational health and safety management system (5-STAR) in (81) departments for various fields, despite the presence of the coronavirus and the precautionary measures, as the company has obtained a compliance rate of (84%) for 2020.

### Safety Behavior Initiative

Developing a behavior-based safety initiative to enhance the commitment of employees and contractors to safe behavior. In addition, coordination and (40) field visits were carried out at the level of work areas to measure and evaluate the behavior of employees and contractors in terms of safety.

### Inspection Visits and Safety Notes

Implementation of safety inspection visits by safety engineers and inspectors in the sector for all departments, with (7,344) visits, taking into consideration all precautionary measures related to the coronavirus pandemic.

### Contractors Suspension Mechanism

The safety and loss prevention sector has adopted a program to suspend contractors from work in the event that they do not fully comply with the requirements of the occupational health and safety management system (5-STAR), with (80) contractors suspended in violation of the safety regulations.

### Awareness and Media Aspect

(24) safety messages have been published through electronic means of publication to educate the Company's employees about the most important safety risks in the workplace, and (3) accident and instructive bulletins for the purpose of disseminating the lessons learned from accidents and taking corrective measures to avoid their recurrence.

### Training and Awareness Lectures

Holding (84) remote workshops for the purpose of educating employees and clarifying the concepts of the occupational health and safety management system ISO45001 (5-STAR), which were attended by (7,920) employees and contractors.

### Implementation of the Safety Competition for 2021

Preparing and executing a safety competition for the employees of SEC and its subsidiaries. This competition aims to increase awareness and familiarity with the occupational health and safety management system (5-STAR), that is compatible with the ISO 45001 system, and promote the safety culture for all employees.

### Promote Social Media

The Call Center has been activated on the direct number (444) to answer any inquiries received regarding the Occupational Safety and Health Management System (5-STAR).

### Personal Protective Equipment Project

Providing personal protective equipment with (18) items, including a number of testing and measuring devices in the work environment. This is in addition to strengthening and diversifying the sources of personal protective clothing from a large number of suppliers to protect the company's employees against risks.

### Establishing a Hotline

Allocating a hotline on the direct number (77600) to record all safety observations in strict confidentiality.

#### Reduction

in injuries as a result of a work accident.



39%

#### Compatibility

rate in the occupational safety and health management system.



84%

#### Safety Inspections

visits carried out.



7,344

#### Provision

personal protective equipment items.



18

#### Suspension

contractors who violate safety regulations.



80

## The Efforts of SEC in facing the coronavirus pandemic:

### Forming the Crisis Management Team

The company took a decision to form a crisis management team headed by the head of the industrial security sector and the membership of all departments in SEC and its subsidiaries. The team carries out clear and specific tasks and responsibilities, and manages the crisis within the company, while providing the support of the Executive Management to this team and granting it full powers.

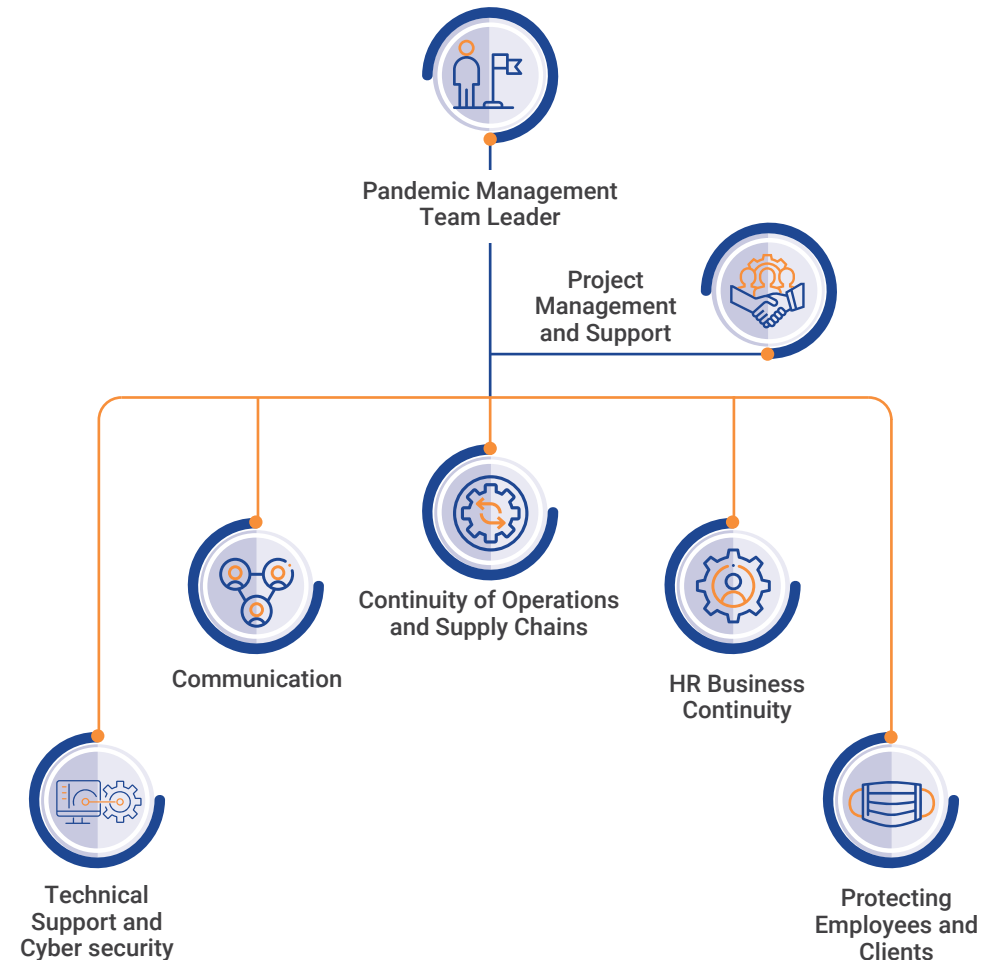
### Master Plan for Epidemic Control

The company adopted the master plan for epidemic control, which clearly clarifies the tasks and responsibilities of the company and its subsidiaries to deal with the pandemic without affecting the operation and ensuring business continuity. The plan clarified the communication strategy with the parties inside and outside the company and the hypothetical experiences simulating a shortage of labor due to the pandemic to determine the preparedness of the company and its subsidiaries to deal with the pandemic.

### Indicators of Accidents and Injuries

A decrease in injuries as a result of a work accident for employees was recorded at the level of SEC by (39%) compared to the same period in 2020.

### The Organizational Structure of the Crisis Management Team



## Guidelines for Dealing with the Coronavirus Pandemic

The company has adopted the guidelines for dealing with the coronavirus pandemic, along with updating the guide according to the latest instructions issued by the relevant government agencies in the Kingdom.

## Focusing on Business Continuity in Supply Chains and Operations

The company has succeeded in preparatory testing (business continuity plans, crisis management plans, and disaster recovery), and overcoming unrest in the supply chain locally and worldwide during the coronavirus pandemic, where materials, spare parts, employment, and maintenance equipment were secured, in order to ensure the continuity of electrical power supply and the provision of services to clients.

Issuing more than (56) thousand movement permits during the curfew periods (total/partial) for critical and essential jobs in the SEC, its subsidiaries and their contractors.

## Measures for Dealing with Clients and Visitors at Subscriber Services Offices

- Determining the acceptable number of people inside the building in a way that ensures the maintaining of a social distance of 2 meters in all directions between people.
- Periodically sterilizing the customer reception site.
- Allocating doors for entry and exit, provided that these doors are automatic or open continuously to prevent contact.
- Establishing means of raising awareness of the available electronic services and preventive measures at the entrance to the company.
- Providing guiding signs at entrances and exits.
- Ensuring the presence of an appropriate number of security men to organize and oblige clients to follow the precautionary measures, and to carry out visual screening.
- Requiring customers in the waiting area outside the building to maintain a social distance of (2) meters in all directions between people, by placing clear ground signs.

- Providing masks and sterilizers for clients at the entrance.
- Visual screening of clients before entering the office, and instructing those who have symptoms to call (937), while not allowing them to enter the office.
- Cancellation of waiting papers system.
- Allocating an elevator for clients and reducing the capacity to (30%) and giving priority to people with special needs and the elderly.
- Ensuring that each client is seated in their place until obtaining the service.
- Marking standing signs for people to ensure safe distances, while removing waiting chairs.
- Establishing ground marks with a distance of at least 1 meter between the service provider and the client, with a transparent glass barrier that prevents direct contact.

## Awareness Programs

The company used all its channels and platforms to educate both employees and community about the risk of infection with coronavirus by: e-mail, internal screens on the Company's sites, internal and external site, "Bawabati" application, and the Company's social media sites.

## Closing Gathering Places

The company has taken several decisions, since the beginning of the crisis, represented in closing the gathering sites as proactive precautionary measures, as follows:

- Chapels.
- Restaurants in all the Company's facilities and locations, and allow only take-out orders.
- The Company's sports clubs.
- Meeting rooms.

## Single-Use Masks and Gloves, and Special Masks (N95)

SEC provided single-use masks and gloves in all its sites and facilities. The Company also provided special masks (N95) for critical jobs or whose nature of work requires them to work in isolated locations exposed to the spread of the pandemic.

## **Sterilizing the Company's Facilities and Providing Self-Sterilizers**

The company provided sterilizers of all shapes and sizes in all of its sites and facilities. All of the company headquarters were sterilized twice a day through signing contracts with companies specialized in this field.

## **Flexible Time Activation**

Enabling the employee to attend at the company with a grace period of "one hour" from the beginning of work hours at the main centers and non-critical work, so that employees work in two shifts be in two shifts. The company aimed to reduce the presence of employees at one time, and thus reduce congestion in parking lots, elevators, and the company entrances.

## **Remote Work**

Enabling employees with chronic diseases and those over (65) years old to start working remotely and harnessing the company's capabilities and development in the technical field and digital transformation for the employee to do their job to the fullest.

## **Fifth Shift**

Amending and approving the shift work schedule for critical and essential jobs to ensure that they are not affected by the spread of the coronavirus during the pandemic.

## **Accommodation**

The company has provided accommodation for critical works and some essential jobs in order to protect those who carry out these works and to ensure that they do not come into contact with infected people outside the company's sites.

## **Daily Checkup**

Conducting a daily checkup for employees and contractors at the entrance gates and forming the rapid intervention team to deal in the event of a suspected case and take the necessary measures towards it.

## **Disclosure**

Requiring employees and contractors to disclose injury or contact with a confirmed case, follow up on the health status of the injured, communicate with them, and facilitate their access to the necessary treatments.

## **Communicating with Employees**

The company has allocated several channels to communicate with employees, answer their questions and inquiries, support them morally to face the risk of the spread of the coronavirus, and provide medical advice to them, as follows:

- Email.
- The internal site of SEC.
- Call Center (444).

## **Applying the Regulation of Disciplinary Penalties for Violating the Precautionary Measures**

The company intensified field tours inside its facilities to monitor the application of precautionary measures aimed at preventing the spread of coronavirus and applying the Regulation of Disciplinary Penalties against violators.

## **Field Visits to Contractors' Labor Accommodation**

The company visited the accommodation of the contractors' labor to ensure the implementation of the precautionary measures approved by the Company, with the correction of the observations within two weeks from the date of the visit, which had a significant impact on raising the level of contractors' commitment to precautionary measures.

## **The Use of Modern Technologies in Monitoring the Temperatures of Employees and Visitors**

The company has provided thermal cameras at the entrances of the main centers to monitor the temperature of employees and visitors. These cameras give sound alerts when a temperature is detected at a temperature higher than (38) degrees celsius. The company also provided a smart thermal helmet for industrial security men to monitor temperatures during their field tours inside the SEC headquarters.

### **“Tawakkalna” and “Tabaud” Apps**

Requiring employees, clients, and visitors to download and activate the “Tawakkalna” and “Tabaud” Apps to allow access to the facilities of SEC and its subsidiaries.

### **Daily Report**

SEC has monitored the latest developments on coronavirus within its facilities through performance indicators in the daily report to follow up and taken immediate action to ensure the protection of staff from the risk of coronavirus, including the technical efforts of employees working remotely, and ensuring the availability of sufficient stocks of masks, gloves, and sterilizers, and the implementation of sterilization work for buildings by specialized contractors, in addition to the Company’s awareness-raising efforts for employees and their families about the risks of infection with the coronavirus.

### **Coronavirus Vaccine**

SEC has made continuous efforts to raise awareness among employees, contractors, and their families of the importance of taking the vaccine and urged them to receive the first, second, and third doses until the company reached advanced levels of immunization, which had a significant impact on reaching community immunity within SEC and its subsidiaries.

### **Immunization Report**

SEC monitors the levels of immunization among its employees through daily reports that are directly linked to the “Tawakkalna” App. The Company also obliges the employees to obtain vaccine doses in order to preserve their safety from the repercussions of infection with the virus in the first place, and to prevent its spread among employees.





# 7

## Shareholder Affairs and Investor Relations

## Shareholders and Investor Relations

The company has worked to achieve the aspirations of shareholders and to develop their rights and facilitate their access to information. The company pays great attention to promoting the quality of the disclosure of financial results, important developments and fundamental changes, focusing on the timing and the manner in which it is delivered to shareholders. It is committed to the regulations and instructions of the Financial Market Authority and to the instructions on disclosure and transparency contained in Article (90) of the Corporate Governance Regulation issued by the Financial Market Authority.

In the framework of developing communication in the international financial markets, we organize regular telephone meetings with investors and analysts and facilitate their communication with the company's management. The company looks forward to adding more communication activities. We also seek to incorporate our achievements in environmental, social responsibility, and governance practices, and to make them known on a regular basis, in accordance with the prevailing local and international standards in the company's field of work.

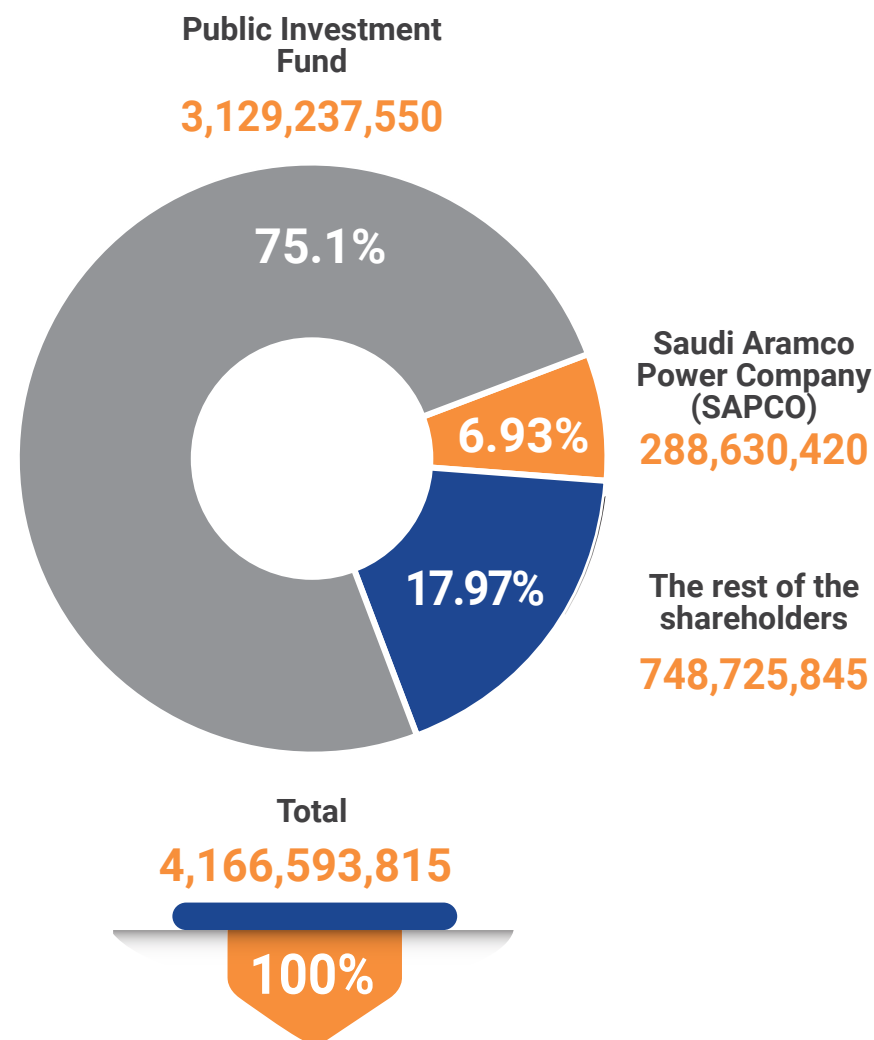
The company has continued its efforts to strengthen communication with its shareholders and to urge them to deposit their certificates of shares in investment portfolios, which will allow the depositing of their profits in their accounts linked to their portfolios in various banks during the first day of the exchange of profits. The company is always keen to communicate effectively with the relevant authorities in the financial market and to exchange relevant information with investors and financial and investment institutions.

## Award of Excellence in the Corporate Governance Index

The company won the Excellence Award in the Corporate Governance Index for the third consecutive time during the 2nd World Governance Conference, held at the Corporate Governance Center at al-Faisal University in Riyadh.

SEC was ranked among the top (10) companies in the corporate governance index among non-financial sector companies trading in the Saudi financial market for the third consecutive year.

## Relative distribution of company capital:



### Company's share performance:

At the end of December, the company's share closed at a price of SAR (23.98), compared to SAR (21.30) at the beginning of 2021, which is an increase of (12.58%).

#### Amount of shares traded

end of 2021 **765,100,590**

end of 2020 **982,891,267**

**-22.16%**

#### The value of the shares traded

end of 2021 **19,203,561,953.21**

end of 2020 **17,664,957,019.84**

**8.71%**

#### Number of transactions

end of 2021 **613,847**

end of 2020 **607,691**

**1.01%**

#### Share closing price

end of 2021 **23.98**

end of 2020 **21.30**

**12.58%**





## Social Responsibility

Committed to our employees,  
customers, partners and society

## Corporate Social Responsibility:

Proceeding from our mission and strategy, we are committed to our responsibility of providing our business and services to our employees, customers and our community with efficiency and excellent performance. It is our duty to stick to professionalism and to create initiatives that are impactful and beneficial. Believing that there are modern sources and trends for social responsibility, in 2021 the company continued its hard work to promote and develop its initiatives in the field of social responsibility, therefore, making many achievements, most important of which are:

The most prominent achievements:

- The company's employees directly raising more than SAR (5) million for charities on the Internal Deductions Program for Sustainability and Financial Efficiency.
- Donating SAR (2) million to the Ihsan Charity Platform, for financial sustainability and efficiency.
- Creating training opportunities for (2,051) male and female students in cooperative and summer training programs to help empower individuals and support talent.
- Organizing safety and fire training courses for more than (500) students at the Technical College for Girls in Riyadh to promote awareness of the importance of safety.
- Organizing a nine-week Twitter Safety Account competition to raise safety awareness in a number of areas, raising the number of followers from (69,000) to more than (100,000).
- Sponsoring (25) families of prisoners in cooperation with the National Committee for the Welfare of Prisoners and Released Prisoners and their Families "Tarahum" to achieve sustainability and financial efficiency.
- Conducting (6) strategic agreements and partnerships with charities to support social responsibility programs and empower society and individuals to achieve financial sustainability and efficiency.
- Supporting social welfare activities and programs by organizing sports, cultural, social and recreational activities for the beneficiaries of charities, humanitarian institutions and hospitals in the company's clubs in business areas to empower individuals and society and support talent.
- (500) tweets on safety and awareness on the dangers of misuse of electricity and public safety through social media platforms.
- Participating in local and international safety conferences, including: The Saudi International Conference on Industrial Safety and Loss Prevention and the Fourth Conference on Occupational Safety and Health aimed to raise awareness of the importance of safety and security.



- Participation in a number of events such as:
  - International Orphan Day
  - Autism Awareness Day
  - Breast Cancer Awareness Month
  - World Alzheimer's Day
  - World Environment Day
  - Promoting conservation initiatives for the critically endangered Arabian Leopard
- Training workshops were held for six charities to develop their leadership skills, in order to achieve business sustainability and empower individuals.

### Social Responsibility in 2021







# The Company's Financial Performance

Financial and organizational reforms.

## Financial Policy:

Our financial and funding strategy is based on a set of core principles, all based on supporting our strong credit rating, linked to the Kingdom's sovereign credit rating to ensure access to a variety of sources of finance, instruments and markets domestically and internationally, maintain sufficient liquidity to meet investment needs, and maintain appropriate liquidity for daily operations and short-term financing needs. In light of this, the company is always looking to build long-term relationships with financing partners of all categories, which supports the company as well as exploits strong internal flows of operations to meet the requirements of operating and investment expenses and strengthen the company's financial position.

## Regulatory and Financial Reforms

Under oversight and support from The Supreme Committee for Energy Mix Affairs for Electricity Production and Enabling Renewable Energy, headed by His Royal Highness The Crown Prince, Deputy Prime Minister and Chairman of the Council of Economic and Development Affairs, Prince Mohammad Bin Salman Bin Abdulaziz, which oversees all the work of the Ministerial Committee's for restructuring the electricity sector and headed by His Royal Highness the Minister of Energy and the membership of His Excellency the Minister of Finance, Minister of Economy and Planning, Acting Chairman of the Board of Directors of the National Center for Privatization, and His Excellency the Governor of the Public Investment Fund, this as well as its oversight of electricity sector integration teams, which comprises all the concerned government agencies and private sector entities operating in the sector and coordinating efforts to achieve the objectives of the Kingdom's Vision 2030, a Royal decree was issued in November 2020 to approve a holistic package of regulatory, financial and structural reforms for the electricity sector. These objectives ultimately center around improving quality of the service provided to the consumer in Saudi Arabia.

**The reforms are aimed at achieving the foundations of the Kingdom's electric power sector strategy, which includes:**

1. Ensuring the provision of safe, adequate, high quality and efficient electricity supply to all consumers from individuals to commercial entities, to industrial sectors and to government entities.
2. Raising the efficiency to ensure that the cost to serve are reduced.

3. Focusing on the satisfaction of consumers in the Kingdom for the services provided. We strive to deliver high quality services measured by the high satisfaction rate that we are aiming to achieve.
4. Creating a stimulating and attractive environment for investment in the electricity sector that contributes to economic development and is in line with the requirements of the Kingdom's Vision 2030.
5. Demonstrating environmental stewardship and commitment to enable the Kingdom to fulfill its environmental obligations.
6. Promoting the development of local content, by localizing national industries, and developing national capabilities.

The accomplished reforms address a number of financial and structural challenges faced by the electricity sector and the company in the past and lay the foundation for a sustainable, stimulating and attractive financial structure for investment in the electricity sector. These reforms are expected to reflect positively on the sector's performance, enabling it to increase the efficiency of plant generation, reduce the use of liquid fuels, raise the level of environmental compliance, and enhance the reliability of the electricity transmission network to enable electricity production from renewable energy sources in order to achieve optimal energy mix targets for electricity production, improve distribution networks and automate them, in order to achieve the desired objectives to enhance the reliability of the service provided to the customer.

**The regulatory and financial reforms, which are based on the Royal Decree, included the following:**

1. Cancellation of government fees which the company was subject to paying pursuant to Royal Decree no. (14006) dated 23/3/1439 H corresponding to 1/1/2021.
2. Adopting a Minimum Operating Cost Model to regulate company's revenue to decide the required revenue for the fiscal year of 2020. Such required revenue will cover company's total operating and financing costs including the distribution of dividends to all its shareholders including the Public Investment Fund (PIF).
3. Implementing a Regulatory Asset-Based Model as a mechanism to regulate company's revenue effective from the fiscal year 2021.
4. Reclassification of company's net government liabilities.

## Balancing Account

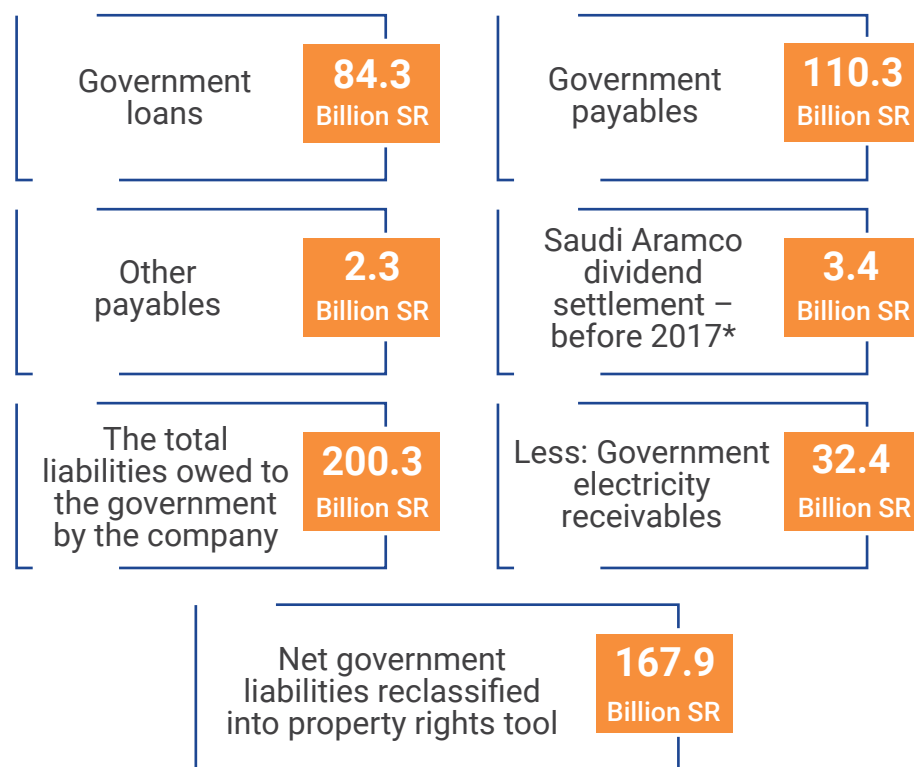
The company received a letter from the Minister of Energy, Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector, and SEC No. 2057, dated 29/03/1442 A.H. and corresponding to November 15, 2020, stating that the government fee was canceled as of January 2021, and that the organization of the revenues of SEC according to the model of the assets rule regulated by a weighted organizational return for the cost of capital, in accordance with the percentage specified by the letter. The regulatory reform also includes the continuation of the balancing account to cover any difference between the required revenue approved and the actual operating revenue of the company from the tariff applied by the Water and Electricity Regulatory Authority. During 2021, the company recognized SAR (1.7) billion as a balancing account in the shortcut initial consolidated income list under other operating income, as compared to fiscal year 2020, where the required revenue of SEC was measured in the minimum operating cost model, ensuring coverage of all operational and financing costs, including the distribution of the profits due to all shareholders, including the Public Investment Fund. The total required revenue under the minimum operating cost model amounted to SAR (68.764) million as non-consolidated income for 2020. Accordingly, the company recognized SAR (6,131) million in the consolidated income list under other operating income for the year ending December 2020.

## Mudaraba Agreement

To pay obligations owed to the government by the company in pursuant to the letter received from His Royal Highness the Minister of Energy, Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector (ref. no. 01-2057-1442 dated 15/11/2020 corresponding to 29/03/1442H) on the issuance of a Royal Order approving the settlement of net government dues from the Company and signing a Mudaraba agreement with the Government of the Kingdom of Saudi Arabia (the Government), represented by the Ministry of Finance, to convert the net financial obligations due to the Government by the company, amounting to SAR (167.9) billion, into a secondary financial instrument within the equity, the company's net financial obligations owed to the government in the amount of SAR (167.92) billion have been converted into a subordinate perpetual, unsecured financial instrument, with a redemption option and profit rate of (4.5%) per annum, for a period of (3) years ending in 2023. The profit margin ratio will be set, after 2023, with a negative difference of (1.5%) from the average weighted cost of the company's capital, which is

determined in each regulatory cycle (every 3 years). The profit margin is to be paid if a decision is reached to distribute cash dividends to owners of ordinary shares and collect any amounts due from the balance sheet. This instrument is Shari'a compliant and is classified under shareholders' equity and has no effect on the ownership of the company's shareholders and related rights.

**Details of net government liabilities included in the financial instrument in accordance with the Mudaraba agreement signed on 15/11/2020:**



\* The General Assembly, in its meeting held on 12/05/1442 AH corresponding to 12/27/2020, agreed to settle the dues of Saudi Aramco profits.

### Creation of the financial instruments (Mudaraba agreement's) profits payment reserve.

The General Assembly, held on 12/05/1442 H, corresponding to 27/12/2020, approved the establishment of a reserve agreement for the purpose of paying the profits of the financial instrument concluded between the company and the Ministry of Finance. The Board of Directors is authorized to transfer from the company's retained profits to the reserve agreement and to authorize the Board of Directors to use the reserve agreement to pay the profits of the financial instrument in accordance with the provisions of the Mudaraba agreement. The amount of SAR (927) million of the remaining profits was transferred to the reserve agreement for the financial instrument's profits by the end of fiscal year 2020.

### The Positive Impact of Regulatory and Financial Reforms on the Company's Financial Situation and Credit Rating

- The structural, regulatory and financial reforms that have taken place are part of the Kingdom's Vision 2030 programs and reflect the government's eagerness to ensure that the financial and operational sustainability of the electricity sector will be a key input for most economic activities.
- The established regulatory framework enables the company to cover capital and operational requirements, and give the company the ability to finance and implement the necessary electrical projects in a timely manner, as well as to maintain the stability of the electricity system.
- Enabling long-term planning, which contributes to improving efficiency. The agreement to address the financial government liabilities at its unprecedented value is a historic agreement that strengthens the financial position of the company and makes its capital structure more sustainable, where the net financial government obligations will be refinanced by transferring them to a financial instrument of SAR (167.92) billion representing approximately (35.4%) as of 2021 of the total volume of the company's assets within the shareholders' rights, without any impact on the percentage of ownership of holders of the company's common shareholders.
- In addition, the regulatory reforms qualify the company to increase its cash flow from operations, which improves debt coverage and improves its credit record, and therefore its ability to finance its future projects.

- In November 2020, following the announcement of the regulatory and financial reforms, the effectiveness of the reforms and its expected contribution to the improvement of the financial position and credit record of the company was confirmed by the Moody's Agency. The credit rating of the company was raised from A2 to A1, which is the same as the sovereign credit rating of the Kingdom. In addition, the independent rating of the company (excluding the impact of government support) was raised by the international credit rating agencies Fitch and Standard & Poor's.
- Fitch Agency for Investor Services announced on 19/01/2022 that it raised SEC's credit rating from A- to A with a stable outlook, the same level as the sovereign credit rating of the Kingdom. It expressed that this is a result of the improvement in the company's independent credit record (i.e., excluding the impact of government support in the classification), against the background of the effective implementation of the financial and regulatory reforms announced in the Saudi electricity sector and applied by SEC since November 2020.
- As of the date of issuance of this report, the company has succeeded in maintaining a strong credit rating from the investment grade and the world credit rating agencies, which is similar to the sovereign credit rating of the Kingdom and is considered one of the highest credit ratings for companies in the Kingdom, as it is evaluated by the credit rating institutions Standard & Poor's, Fitch, Moody's (A-,A,A1), respectively, with a stable outlook.

### Shareholders and Investor Relations

The company has worked to achieve the aspirations of shareholders, develop their rights and facilitate their access to information. The company has paid great attention to strengthening the quality of the disclosure of financial results, important developments and fundamental changes, focusing on the timing factor and the manner in which it is delivered to shareholders. It is committed to the regulations and instructions of the Financial Market Authority and to the instructions on disclosure and transparency contained in Article 90 of the Corporate Governance Regulation issued by the Financial Market Authority.

The company continued its efforts to strengthen communication with its shareholders and urge them to deposit their certificates of shares in investment portfolios. This will allow the company to easily deposit their profits in their accounts linked to their portfolios in various banks on the first day of profit-

making. The company is always keen on communicating effectively with financial market authorities and exchanging information on the company with investors and financial and investment institutions.

As part of the development of communication in local and international financial markets, the company has continued to organize virtual telephone meetings periodically with investors and analysts, through which the company's financial and operational performance and financial results are explained and reviewed. In addition, the company participates in events and conferences that concern investors and the financial community in general, with the aim of providing and increasing opportunities for communication with the company's management. We also seek to incorporate our achievements in environmental, social responsibility and governance practices and to disclose them periodically in separate reports issued periodically in accordance with prevailing local and international standards in the company's field.

### **Saudi Energy Production Company:**

The Saudi Energy Production Company is a limited liability company and is fully owned by SEC, which was established on 20/09/2020.

#### **Company Tasks**

Electric power generation, water purification and desalination.

### **Electricity Sukuk Company:**

The Electricity for Sukuk Company is a limited liability company wholly owned by SEC.

#### **Company Tasks**

Providing the required support services in relation to the bonds and sukuk issued by the company and the companies it owns or co-owns.

The Electric Corporation for Instruments acts as the custodian of certain assets (the assets of the instruments) in accordance with the transfer agreements of the assets of the instruments between the company (as the controller or the custodian), the company (as the issuer) and SAP Securities (as the agent of the holders of the instruments).

### **Highlights of the Company's Work**

The company provided the necessary support for all SEC's Sukuk issues in local markets.

- 1- Saudi Electricity Global Sukuk Company**
- 2- Saudi Electricity Global Sukuk Company (2)**
- 3- Saudi Electricity Global Sukuk Company (3)**
- 4- Saudi Electricity Global Sukuk Company (4)**
- 5- Saudi Electricity Global Sukuk Company (5)**
- 6- Saudi Electricity Company for the International Sukuk Program:**

The above companies have a special purpose and were established in the Cayman Islands as limited liability companies. This is in order to provide the necessary services and support for the issuance of bonds and international instruments.

### **Top Business and Corporate Achievements**

Since 2012, special-purpose establishments (international sukuk companies) have provided the necessary structural support for the company's Islamic sukuk issuances in the international markets, all of which received a total of US\$(9.55) billion (equivalent to SAR 35.8 billion) from the end of 2020. All of them have contributed to the provision of funding for the company's capital projects and general purposes aimed at improving the quality, reliability and efficiency of the electricity service provided.

In 2021, the Electricity Company was established for the International Sukuk Program. The company did not issue any new Islamic instruments compared to 2020. The Electricity Company for International Sukuk (5) was established to provide the necessary structural support for subtracting the company from the international Green Sukuk, which were issued in two tranches, at a value of USD (1.3) billion. The first tranche is valued at USD (650) million (equivalent to SAR 2.4 billion) and is due five years later, on 17/09/2025. The second tranche is of the same value and is due ten years later, on 17/09/2030.

## Description of the Company's Important Plans, Decisions, and Future Expectations:

### A) SEC Restructuring

In November 2021, the company received a telegram from HRH the Minister of Energy and Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector, stating that Cabinet Decision No. (227) had been issued On 18 November 1443 A.H., and the Minister of Electricity agreed to take all the necessary measures to sell and transfer all the shares of SEC in the Saudi Arabian Company for Purchasing Electricity Power is transferred to state ownership. The company is working with the relevant entities to complete the necessary contractual frameworks and agreements, and does not expect any financial impact. The decision should trigger structural reforms in the electricity sector aimed at increasing efficiency and improving service, including independence. The Saudi Energy Purchasing Company is responsible for competitive bidding for renewable and conventional energy projects to keep pace with growing energy demand, and managing commercial agreements to purchase and selling energy.

The decision of the Council of Ministers referred to above comes within the program to restructure the electricity sector and to complement the financial and regulatory reforms announced in November of the year 2020. It is part of the Electricity Sector Restructuring Program, to be completed by the Ministerial Committee for the Restructuring of the Electricity Sector, whose work is supervised by the Higher Committee for Energy Mix Affairs for Electricity Production and the Empowerment of the Renewable Energy Sector, headed by HRH Crown Prince, Deputy Prime Minister and Chairman of the Economic Affairs and Development Council. The plan aims to establish transparency in commercial relations between parties operating in the electricity sector and to activate mechanisms for work on an economic basis, thereby contributing to the realization of the goals of the electricity sector in the Kingdom.

The company, represented by human resources, implemented a series of organizational and structural changes and reforms in line with national transformation strategies in the electric power industry, which aim to achieve long-term sustainability and enhance the efficiency of the sector. The restructuring aims to support one of the most important objectives of the energy policy of the Kingdom, namely, to achieve security, safety, reliability and sustainability in the electricity sector, while enabling it to invest in projects capable of raising the quality of services provided to subscribers and improving reliability.

### This package of structural reforms includes:

- Implementation of major structural improvements in generation activity that include changing the operating model through the Engineering Business Center and the Planning Business Center.
- The establishment of the communications sector in the National Electricity Transmission Company with the aim of keeping abreast of the huge developments in the field of communications and the fundamental changes that such developments require in the infrastructure and organization.
- To enrich the research, development and innovation system to enhance international competitiveness and leading energy centers through the restructuring of the institutional excellence, research and development and new business development sector.
- Responding to requirements for integration with government regulatory components such as the introduction of the Company's Data Management Office to implement national data management and governance policies and controls, and manage mobile generation services with strategic planning and business development activity.
- SEC will always strive to create conditions and capabilities to enable the electricity sector to perform its duties and achieve its goals, which include the following aspects:
  - Moving towards the optimal energy mix used to produce electricity in the Kingdom
  - Enhancing the efficiency of the electricity system and to raise the safety and reliability of the transmission and distribution networks.
  - Achieving a better level of environmental commitment and reduce the carbon footprint of the sector.

### B) Important Decisions

- Appointment of the Chairman and Vice-Chairman of the Board on 21/01/2021.
- 29 / 03 / 2021 AD General Assembly Recommends to Company Shareholders to Exchange Cash Profits for FY 2020.
- Engineer Khalid Bin Hamad Al-Qunun was appointed as the company's Chief Executive on 07/06/2021, following the resignation of Professor Fahd Bin Hussein Al-Sudairi from his position.
- The company obtained a green credit facility worth USD (500) million under the Sustainable Financing (Green Funds) Framework of the Japan Bank for International Cooperation (JBIC) on 7 / 07 / 2021.
- Signing of revolving credit facilities worth USD (2,577.5) million on 08/09/2021.

## Summary of Financial Results:

### A) Balance Sheet Statement

Figures are in thousand Saudi riyals

| Statement                           | 2021               | 2020               | 2019               | 2018               | 2017               |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Current assets                      | 33,359,420         | 45,788,024         | 53,848,319         | 43,602,873         | 38,627,705         |
| Other non-current assets            | 2,791,892          | 2,882,219          | 3,012,697          | 2,850,946          | 2,843,219          |
| Net fixed assets                    | 438,731,462        | 436,779,330        | 422,968,974        | 418,102,025        | 404,289,536        |
| <b>Total assets</b>                 | <b>474,882,774</b> | <b>485,449,573</b> | <b>479,829,990</b> | <b>464,555,844</b> | <b>445,760,460</b> |
| Current liabilities                 | 64,511,537         | 71,129,812         | 165,029,519        | 160,776,342        | 151,718,123        |
| Long-term loans and instruments     | 84,613,253         | 100,305,959        | 91,763,786         | 88,178,140         | 85,003,765         |
| Other liabilities                   | 74,134,316         | 66,239,250         | 149,466,813        | 141,923,584        | 136,729,165        |
| <b>Total liabilities</b>            | <b>223,259,106</b> | <b>237,675,021</b> | <b>406,260,118</b> | <b>390,878,066</b> | <b>373,451,053</b> |
| Share capital                       | 41,665,938         | 41,665,938         | 41,665,938         | 41,665,938         | 41,665,938         |
| Reserves and retained earnings      | 42,037,167         | 38,188,051         | 31,903,934         | 32,011,840         | 30,643,469         |
| Mudaraba Instrument                 | 167,920,563        | 167,920,563        | -                  | -                  | -                  |
| Total equity                        | 251,623,668        | 247,774,552        | 73,569,872         | 73,677,778         | 72,309,407         |
| <b>Total liabilities and equity</b> | <b>474,882,774</b> | <b>485,449,573</b> | <b>479,829,990</b> | <b>464,555,844</b> | <b>445,760,460</b> |

## B) Income Statement

Figures are in thousand Saudi riyaIs

| Description                                                                          | 2021                | 2020                | 2019                | 2018                | 2017                |
|--------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating revenues                                                                   | 69,338,036          | 68,708,918          | 65,040,000          | 64,063,638          | 50,684,906          |
| Cost of sales                                                                        | (48,796,076)        | (60,386,393)        | (58,915,883)        | (58,144,024)        | (43,995,312)        |
| <b>Gross profit</b>                                                                  | <b>20,541,960</b>   | <b>8,322,525</b>    | <b>6,124,117</b>    | <b>5,919,614</b>    | <b>6,689,594</b>    |
| General and administrative expenses                                                  | (884,907)           | (1,167,370)         | (1,244,525)         | (1,340,032)         | (1,440,400)         |
| <b>Total operating expenses</b>                                                      | <b>(49,680,983)</b> | <b>(61,553,763)</b> | <b>(60,160,408)</b> | <b>(59,484,056)</b> | <b>(45,435,712)</b> |
| Human Resources Productivity Improvement Program                                     |                     | -                   | -                   | -                   | (2,829,155)         |
| Exemption from municipal fees debt                                                   |                     | -                   | -                   | -                   | 6,119,546           |
| Net other (expense) / income                                                         | (812,875)           | 1,610,388           | 1,655,738           | 1,436,021           | 1,465,097           |
| Fuel Settlement Expense                                                              | (207,930)           | (808,090)           | -                   | -                   | -                   |
| Net provisions for receivables from consumption of electricity and other receivables | (1,074,931)         | (253,638)           | -                   | -                   | -                   |
| <b>Operating income</b>                                                              | <b>17,561,317</b>   | <b>7,703,815</b>    | <b>6,535,330</b>    | <b>6,015,603</b>    | <b>10,004,682</b>   |
| Net financing costs                                                                  | (2,558,926)         | (4,890,052)         | (4,886,933)         | (4,136,617)         | (2,752,144)         |
| Share of (loss) / gain on equity accounted investees                                 | (10,202)            | 4,337               | (40,229)            | (62,338)            | (108,876)           |
| Zakat and Tax Expense                                                                | (455,925)           | 285,488             | (220,611)           | (59,515)            | (235,413)           |
| <b>Net profit for the year from continuing operations</b>                            | <b>14,536,264</b>   | <b>3,103,588</b>    | <b>1,387,557</b>    | <b>1,757,133</b>    | <b>6,908,249</b>    |
| Discontinued operations                                                              |                     |                     |                     |                     |                     |
| Loss of the year from discontinued operations                                        | (145,393)           | (78,040)            | -                   | -                   | -                   |
| <b>Net profit for the year</b>                                                       | <b>14,390,871</b>   | <b>3,025,548</b>    | <b>1,387,557</b>    | <b>1,757,133</b>    | <b>6,908,249</b>    |

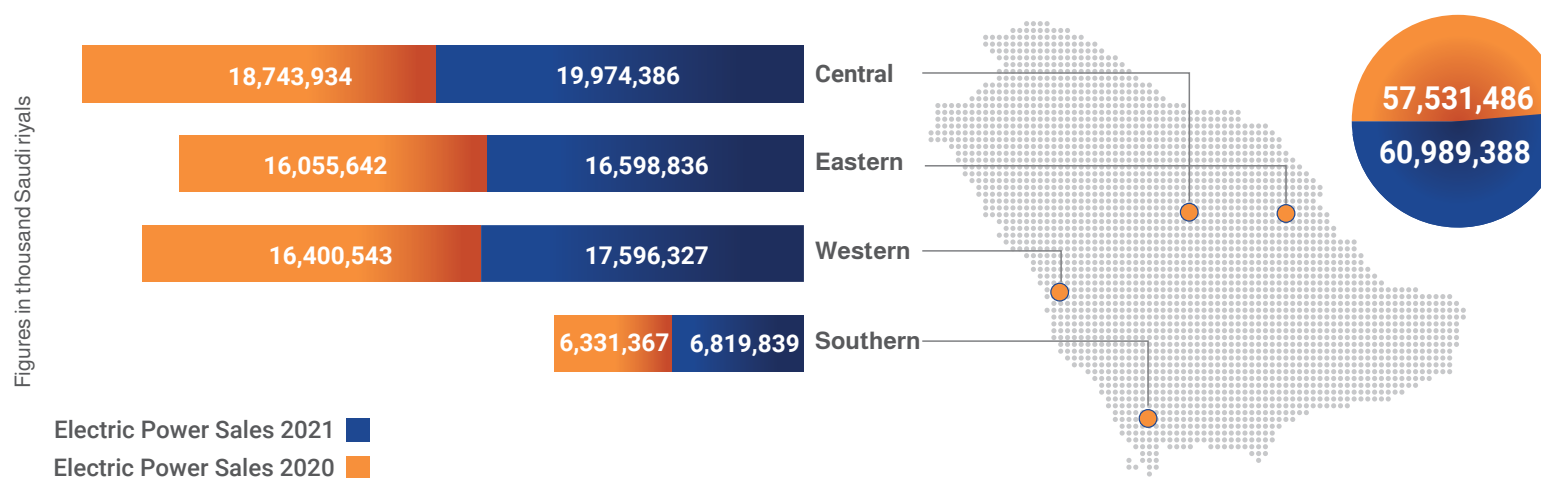
## C) Cash Flow Statement

Figures are in thousand Saudi riyals

| Statements                                           | 2021         | 2020         |
|------------------------------------------------------|--------------|--------------|
| Net cash generated from operating activities         | 46,283,619   | 28,137,337   |
| Net cash used in investing activities                | (26,059,773) | (23,399,203) |
| Net cash used in financing activities                | (18,519,682) | (2,117,346)  |
| Net change in cash and cash equivalents              | 1,704,164    | 2,620,788    |
| Cash and its equivalent at the beginning of the year | 4,539,092    | 1,918,304    |
| Cash and its equivalent at the end of the year       | 6,243,256    | 4,539,092    |

## Geographical Analysis of the Company's Revenue

The company operates in all regions of the Kingdom, and the following graphic shows a geographical analysis of electric power sales by regions (sectors) in which it operates:



## Clarification of Any Material Differences in the Operating Results from the Previous Year's Results or any Expectations Announced by the Company:

Figures are in thousand Saudi riyals

| Description                                                                         | 2021              | 2020             | Changes +/-       | Percentage of Change |
|-------------------------------------------------------------------------------------|-------------------|------------------|-------------------|----------------------|
| Operating Revenue                                                                   | 69,338,036        | 68,708,918       | 629,118           | 0.9%                 |
| Cost of Revenue                                                                     | (49,680,983)      | (61,553,763)     | 11,872,780        | (19)%                |
| Net other (expense) / income                                                        | (812,875)         | 1,610,388        | (2,423,263)       | -                    |
| Fuel Settlement Expense                                                             | (207,930)         | (808,090)        | 600,160           | (74)%                |
| Net provision for receivables from consumption of electricity and other receivables | (1,074,931)       | (253,638)        | (821,293)         | 324%                 |
| Net operating profit                                                                | 17,561,317        | 7,703,815        | 9,857,502         | 128%                 |
| Financing costs, net                                                                | (2,558,926)       | (4,890,052)      | 2,331,126         | (48)%                |
| Share of (loss) / gain on equity accounted investees                                | (10,202)          | 4,337            | (14,539)          | -                    |
| Zakat expense and income tax                                                        | (455,925)         | 285,488          | (741,413)         | -                    |
| Net profit for the year from continuing operations                                  | 14,536,264        | 3,103,588        | 11,432,676        | 368%                 |
| Discontinued operations                                                             |                   |                  |                   |                      |
| Loss of the year from discontinued operations                                       | (145,393)         | (78,040)         | (67,353)          | 86%                  |
| <b>Net profit for the year</b>                                                      | <b>14,390,871</b> | <b>3,025,548</b> | <b>11,365,323</b> | <b>376%</b>          |

## Operating Revenue

Operating revenues in 2021 amounted to SAR (69,338) million, compared to SAR (68,709) million in 2020, with a growth rate of (0.9%). This growth reflects the following factors:

- Electricity sales revenues increased to SAR (60,989) million in 2021, compared to SAR (57,532) million in the previous year, with an increase of (6%), due to the high consumption of the commercial, industrial, and government sector after it was affected by the precautionary closure measures for the coronavirus pandemic applied in the previous year, in addition to the continued growth of the residential sector.
- Revenue from bill reading and meter maintenance tariffs increased to SAR (1,443) million in 2021, compared to SAR (1,392) million in the previous year, an increase of (3.7%). This rise is due to the continued growth of the subscriber base, which amounted to (10.5) million customers at the end of 2021, where (428.9) thousand new customers were added.
- Revenues from Electricity service connection fees increased to SAR (2,184) million in 2021, compared to SAR (1,928) million in the previous year, an increase of (13.2%). This increase is attributed to the connection of electrical service to (428.9) thousand new customers in 2021, and the increase in deferred revenue amortization during 2021.
- The increase in the revenues of the transmission system to SAR (1,580) million in 2021, compared to SAR (1,171) million in the previous year, an increase of (34.9%). This rise is due to the pass-through fees for independent producers who use the national transmission network of the National Grid SA.
- Other operating incomes decreased at the end of 2021 to SAR (3,141) million, compared to SAR (6,686) million in 2020, a decrease of (53%). This decrease is mainly due to the balancing account Company's approval of an amount of SAR (1.7) billion from the balancing account for the year 2021 within the item of other operating income, compared to the amount of SAR (6.1) billion for the fiscal year 2020, which was recorded during the fourth quarter, where the organization of the Company's revenues was approved according to the minimum operating costs model to determine the required revenue for the fiscal year 2020, as approved by the Ministerial Committee for Restructuring the Electricity Sector. The improvement in the demand for electrical service during 2021 compared to the previous year is due to the growth of electrical energy sales, tariff revenues for meter reading and maintenance, billing, and revenues for electrical service delivery and the

transportation system, which led to offsetting the impact of the decrease in other operating revenues balancing account from the decrease in the estimated amount recognized in the balancing account fund during 2021.

## Cost of Revenue

The cost of revenue in 2021 amounted to SAR (48,796) million, compared to SAR (60,386) million in the previous year, a decrease of (19%). The decrease reflects the following factors:

- To complete the implementation of the regulatory and financial reforms of the electricity sector approved in November 2020, the government fee was canceled as of January 1, 2021, while the previous year included government fee costs of SAR (15.07) billion, and this was reflected in the decrease in the Company's total operating costs by (19%) despite the increase in the costs of fuel, energy purchased, operating, maintenance, and depreciation.
- The cost of purchased energy in 2021 increased to SAR (9,710) million, compared to SAR (9,046) million in the previous year, an increase of (7.3%). The increase is due to the increase in the amount of energy purchased from independent producers and others as a result of the entry of new independent production stations into operations or the occurrence of a planned or malicious exit of some units during the previous year.
- Operation and maintenance expenses increased in 2021 to SAR (12,073) million, compared to SAR (10,545) million in the previous year, an increase of (14.5%). The rise mainly reflects the increase in license fees and labor, contracts, and maintenance costs related to the increase in the amount of capacity produced and the growth of the Company's assets.
- The total depreciation of operation, maintenance, and right-of-use assets amounted to SAR (19,331) million, compared to SAR (18,418) million in the previous year, in a slight increase of (4.95%). The rise reflects the Company adding new assets for operations during the year 2021, amounting to SAR (38) billion, compared to SAR (24) billion during the previous year, in addition to the Company's re-estimation of the salvage value of all property, machinery, and equipment, except for land, some other assets, and depreciated assets in the book, which resulted in calculating the salvage value for those items by (1.8%), which resulted in a reduction in the depreciation of the aforementioned items by SAR (811) million for the year ending on December 31, 2020.

- Fuel costs increased in 2021 to reach SAR (7,682) million, compared to SAR (7,305) million in the previous year, an increase of (5.2%). The increase is due to the decrease in the amount of energy produced from the Company's stations, as well as the change in the fuel mix as a result of replacing it with diesel fuel.

### Other Net Expenses/Revenues

Other net expenses/revenues amounted to SAR (813) million, compared to SAR (1,610) million for the previous year. The change is mainly due to the decrease in the depletion of government grants after the transfer of government loans within the Mudaraba instrument signed in November 2020, and the decrease in losses of property, plant, and equipment compared to the previous year.

### Fuel Settlement Expense

The year 2021 included recording a non-recurring expense item of SAR (208) million related to the settlement of fuel dues differences for previous years, compared to recording SAR (808) million for the same item during the previous year.

### Operating Profit

The operating profit in 2020 amounted to SAR (17,561) million, compared to SAR (7,704) million in the previous year, an increase of (128%). The increase is mainly due to the increase in operating revenues and the decrease in total operating costs, according to the above clarifications.

### Net Financing Costs

The net financing costs charged to the income statement amounted to SAR (2,559) million, compared to SAR (4,890) million in the previous year, a decrease of (48%). The decline is mainly due to the decrease in the Company's total loans after transferring government loans within the Mudaraba instrument signed in November 2020.

### Zakat and Tax Expense

The provision for tax and zakat expense amounted to SAR (456) million, compared to SAR (285) million for the previous year, which resulted from canceling the net deferred tax expense of SAR (412) million according to the amendment of the income tax system approved in 2020.

### Net Profit

Net income in 2021 amounted to SAR (14,391) million, compared to SAR (3,025) million in the previous year, an increase of (376%). In sum, the increase in net profit for the year 2021 compared to the previous year is mainly due to the implementation of the regulatory and financial reforms of the electricity sector approved in November 2020, where:

- The government fee was canceled as of January 1, 2021, while the previous year included a government fee of SAR (15.07) billion, which was reflected in the decrease in the total operating costs of the Company by (19%) despite the increase in the costs of fuel, energy purchased, operation, maintenance, and depreciation.
- Organizing the Company's revenues according to the structured asset base model, starting from the fiscal year 2021, and accordingly, the Company recognized an amount of SAR (1.7) billion from the balancing account for the year 2021 within the item of other operating income, compared to the amount of SAR (6.1) billion for the fiscal year 2020, which was recorded during the fourth quarter, where the organization of the Company's revenues was approved according to the minimum operating costs model to determine the required revenue for the fiscal year 2020, as approved by the Ministerial Committee for Restructuring the Electricity Sector. The improvement in the demand for electrical service during 2021 compared to the previous year is due to the growth of electrical energy sales, tariff revenues for meter reading and maintenance, billing, and revenues for electrical service delivery and the transportation system, which led to offsetting the impact of the decrease in other operating revenues resulting from the decrease in the estimated amount recognized in the balancing account fund during 2021.
- The decrease in the Company's total loans after the transfer of government loans within the Mudaraba instrument signed in November 2020 led to a decrease in the financing burdens charged to the income statement, and this was offset by a decrease in revenue from partially depleting government grants.

In addition to the above, the decrease in general and administrative expenses and non-recurring expenses related to fuel cost settlement for previous years led to the partial equation of the increase in the Zakat provision and the provision for receivables resulting mainly from the increase in the revenue base of the Company after canceling the government fee.

### **Adjusted Net Profit**

The adjusted net profit (net profit attributable to common shares after deducting dividends from the Mudaraba instrument amounting to SAR 7.7 billion) for the year 2021 amounted to SAR (6.7) billion, compared to SAR (2.1) billion for the previous year, an increase of (219%). Accordingly, the basic and diluted earnings per share amounted to SAR (1.62) for the year 2021, compared to SAR (0.50) for the previous year.

### **An Explanation of any Difference From the Accounting Standards Adopted by the Saudi Arabian Agency for Legal Accountants:**

The consolidated financial lists of the Group were prepared in accordance with the International Financial Reporting Standards adopted in Saudi Arabia and other standards and issuances adopted by the Saudi Arabian Chartered Accountants Authority.



## Subsidiaries and Investors:

The company owns shares in the capital of each of the subsidiaries and invested companies as follows:

### 1. Gulf Cooperation Council Interconnection Authority

31.6%

 1,407,000,000 US Dollars

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
The Arab Gulf States

Connecting electrical networks between member states by providing the necessary investments to achieve the technical and economic advantages stipulated in the Authority's system.

### 2. Electricity Sukuk Company

100%

 500,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Providing the required service and support with regard to bonds and sukuk that are Issued by the Saudi Electricity Company.

### 3. Dawiyat Telecom Company

100%

 50,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Establishment, rental, management and operation of fiber-optic and electrical networks for communications services.

### 4. National Grid S.A.

100%

 10,000,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Transmission, operation, control and maintenance of the electricity system, and leasing of network capacity.

### 5. Dhuruma Electricity Company

50%

 4,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Electricity generation and operating the system Electricity transmission.

### 6. Hajr Electricity Production Company

50%

 2,506,230,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Electricity generation and operating the system Electricity transmission.

### 7. Rabigh Electricity Company

20%

 923,750.000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Electricity generation and operating the system Electricity transmission.

### 8. Al-Mourjan for Electricity Production Company

50%

 1,403,850,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Electricity generation and operating the system Electricity transmission.

### 9. Saudi Electricity for Projects Development Company

100%

 5,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Management of construction projects, development of detailed engineering designs, procurement of materials and implementation of projects in the energy sector.

### 10. GCC Electrical Testing Laboratory Company

25%

 612,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Engineering activities for electrical, excavation, water, safety and chemical projects, energy efficiency project management activities, energy design audit service delivery activities, energy measurement and verification service activities, measurement, calibration and verification laboratories.

**11. Al-Fadhili Cogeneration Company**

**30%**

 **1,500,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Production of electrical energy, water vapor, distilled water, conductive water and water of similar purity.

**12. Saudi Green Company for Carbon Services**

**51%**

 **1,000,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Developing and managing businesses, systems and programs to reduce carbon emissions. Clean development mechanism projects in accordance with international and regional protocols and treaties. Relevant local regulations for its own benefit or for the benefit of others and to conduct business activities and manage the carbon emission reduction certificates issued by emission reduction programs and register them in their favour, or in the interest of regional and global markets.

**13. Saudi Power Procurement Company**

**100%**

 **2,000,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Carrying out the main buyer's activity in accordance with the provisions of the license issued by the Water and Electricity Regulatory Authority, which includes offering electricity generation projects, selling them and concluding the necessary agreements for this. Purchasing fuel to achieve the company's objectives and supplying it to producers with whom agreements have been signed. Energy transfer and electrical energy import and export to and from persons outside the Kingdom in accordance with the rules issued by it.

**14. Dawiyat Integrated Telecommunications & Information Technology Company**

**100%**

 **1,000,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Establishing, renting and operating telecommunications networks, transferring wired and wireless information, and owning and developing them. Providing telecommunications services, data transmission and complete information technology for individuals, public and private institutions, and the company. Carrying out all business related to its activities such as buying, selling, leasing and leasing of fixed and movable assets. Establishing the possible infrastructure to carry out the purposes of purchasing other companies and investing in regional and international transit gates for the movement of communication, information transfer, and pivotal and international communication plans.

**15. Global Data Hub Company**

**50 %**

 **10,000,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Establishing, ownership, operation, maintenance and commercial exploitation of information centers.

**16. Shuaiba Water & Electricity Company (SWEC)**

**8 %**

 **1,560,500,000 Riyals**

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Developing, establishing, owning, operating and maintaining the Shuaiba 3 project for the dual production of water and electricity in the Shuaiba area, as well as the transfer and sale of water, and the conduct of works and related activities.

## 17. The Saudi Energy Production Company

100%

 2,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
The Arab Gulf States

Carrying out the activity of generating electricity in accordance with the provisions of the license issued by the Electricity and Cogeneration Regulatory Authority, and this includes electricity generation and cogeneration of water and steam. Owning, operating, maintaining, developing, financing and providing maintenance, operation and asset management services in the field of electricity generation and cogeneration.

## 18. Shuaibah Expansion Project Company Ltd

8%

 175,818,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

The activities of holding companies, i.e. the units that acquire the assets of owning a dominant share in the capital of a group of subsidiaries, and whose main activity is the ownership of that group.

## 19. Shuqaiq Water and Electricity Company

8%

 1,120,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Development, construction, possession, operation and maintenance of Shakik II project for the dual production of water and electricity in Al-Shakik area.

## 20. Jubail Water and Power Company (JWAP)

5%

 882,500,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Development, construction, ownership, operation and maintenance of the Jubail Water and Electricity Project in Jubail Industrial Area.

## 21. Saudi Electricity Global Sukuk Company

100%

 One  
Dollars

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company with a specific purpose to provide services and support the issuance of international Sukuk.

## 22. Saudi Electricity Global Sukuk Company 2

100%

 One  
Dollars

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company with a specific purpose to provide services and support the issuance of international Sukuk.

## 23. Saudi Electricity Global Sukuk Company 3

100%

 One  
Dollars

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company with a specific purpose to provide services and support the issuance of international Sukuk.

## 24. Saudi Electricity Global Sukuk Company 4

100%

 One  
Dollars

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company with a specific purpose to provide services and support the issuance of international Sukuk.

## 25. Saudi Electricity Global Sukuk Company 5

100%

 One  
Dollars

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company with a specific purpose to provide services and support the issuance of international Sukuk.



## Details of Shares and Debt Instruments Issued to Each Subsidiary Company and Invested in them:





## Information Related to Company Loans:

### A) Statement of Commercial Loans as of 31/12/2021

Figures in thousand (Saudi riyals / US dollars)

| Statement                       | Loan Currency | Due Date | Loan Principal Amount | December 31, 2021 | December 31, 2020 |
|---------------------------------|---------------|----------|-----------------------|-------------------|-------------------|
| Local Banks 2                   | SAR           | 2025     | 5,000,000             | 1,536,800         | 1,921,600         |
| Local Banks 3                   | SAR           | 2025     | 10,000,000            | 3,631,746         | 6,761,906         |
| Local Bank 5                    | SAR           | 2021     | 1,300,000             | -                 | 216,667           |
| Local Bank 6                    | SAR           | 2026     | 3,500,000             | 2,598,750         | 2,625,000         |
| Local Bank 7                    | SAR           | 2024     | 2,400,000             | 2,280,000         | 2,340,000         |
| Local Banks 8                   | SAR           | 2026     | 15,200,000            | 14,896,000        | 15,200,000        |
| Local Bank 9                    | SAR           | 2029     | 1,850,000             | 2,850,000         | 1,850,000         |
| Local Banks 10                  | SAR           | 2027     | 9,000,000             | 9,000,000         | 3,000,000         |
| Ministry of Finance loan *      | SAR           | 2024     | 2,583,375             | 541,475           | 756,413           |
| International Syndicated Loan 1 | USD           | 2021     | 4,057,417             | -                 | 146,353           |
| International Bank 2            | USD           | 2024     | 3,709,125             | 660,720           | 969,903           |
| International Syndicated Loan 3 | USD           | 2026     | 5,251,120             | 2,187,561         | 2,625,128         |
| International Syndicated Loan 4 | USD           | 2028     | 7,240,715             | 4,084,497         | 4,687,886         |
| International Bank 5            | USD           | 2021     | 5,625,710             | -                 | 936,933           |
| International Syndicated Loan 6 | USD           | 2029     | 3,375,585             | 2,249,754         | 2,531,671         |
| International Syndicated Loan 7 | USD           | 2029     | 1,575,336             | 1,050,228         | 1,181,507         |
| International Syndicated Loan 8 | USD           | 2022     | 6,562,878             | 6,562,878         | 6,562,878         |
| <b>Total</b>                    |               |          | <b>88,231,261</b>     | <b>54,130,409</b> | <b>54,313,845</b> |

- The unamortized portion has been deducted from prepaid fees and other fees for the year 2021, amounting to SAR (342,229) thousand.

\* The loan was transferred from Public Investment Fund to the Ministry of Finance during September 2021 without entailing any commitment to the Company or any additional undertaking.

## B) A Statement of the Existing Sukuk Issuances as of 31/12/2021

Figures in thousand (Saudi riyals / US dollars)

| Statement                        | Issuance Volume | Date of Issuance | Actual Repayment of the Sukuk During the Year | Total Value of the Issuance after Modification | Due Date                                                        |
|----------------------------------|-----------------|------------------|-----------------------------------------------|------------------------------------------------|-----------------------------------------------------------------|
| Local Sukuk (3rd Issue) in SAR   | 5,730,690,000   | 2010             | 0                                             | No modification                                | 2030 With the right to early purchase in 2022, 2024, and 2026   |
| Local Sukuk (4th Issue) in SAR   | 4,500,000,000   | 2014             | 0                                             | No modification                                | 2054 With the right of early redemption in 2024, 2034, and 2044 |
| Global Sukuk (1,250 million USD) | 4,687,850       | 2012             | 0                                             | No modification                                | 2022                                                            |
| Global Sukuk (1,000 million USD) | 3,750,750       | 2013             | 0                                             | No Modification                                | 2023                                                            |
| Global Sukuk (1,000 million USD) | 3,750,750       | 2013             | 0                                             | No modification                                | 2043                                                            |
| Global Sukuk (1,500 million USD) | 5,625,600       | 2014             | 0                                             | No Modification                                | 2024                                                            |
| Global Sukuk (1,000 million USD) | 3,750,400       | 2014             | 0                                             | No Modification                                | 2044                                                            |
| Global Sukuk (800 million USD)   | 3,000,800       | 2018             | 0                                             | No Modification                                | 2024                                                            |
| Global Sukuk (1,200 million USD) | 4,500,200       | 2018             | 0                                             | No Modification                                | 2028                                                            |
| Global Sukuk (650 million USD)   | 2,437,500       | 2020             | 0                                             | No Modification                                | 2025                                                            |
| Global Sukuk (650 million USD)   | 2,437,500       | 2020             | 0                                             | No Modification                                | 2030                                                            |

## C) Short-Term Bank Facilities and Revolving Loans

Figures in thousand (Saudi riyals / US dollars)

| Statement                                 | Loan Currency | Loan Principal Amount | December 31, 2021 | December 31, 2020 |
|-------------------------------------------|---------------|-----------------------|-------------------|-------------------|
| Local Banks Revolving Loan 1              | SAR           | 1,000,000             | 1,000,000         | 500,000           |
| Local Bank Facilities 4                   | SAR           | 2,500,000             | -                 | 1,000,000         |
| International Syndicated Revolving Loan 3 | USD           | 8,066,263             | -                 | 5,920,748         |
| Commercial Payment Facility               | SAR           | 550,000               | 159,433           | 95,447            |
| International syndicated loan 4*          | USD           | 9,665,625             | 1,875,075         | -                 |
| <b>Total</b>                              |               | <b>21,781,888</b>     | <b>3,034,508</b>  | <b>7,516,195</b>  |

\* On September 8, 2021, SEC signed a revolving credit facility agreement denominated in US dollars with several international banks to refinance existing revolving credit facilities, and to finance the Company's general purposes, including capital expenditures of (2.6) billion US dollars without any guarantees or financial commitments provided by the bank loans for the joint operations.

## D) Bank Loans for Joint Operations

The Group's share in bank loans for joint operations is as follows:

Figures in thousand (Saudi riyals / US dollars)

| Statement                 | Loan Currency | Due Date | Principal Value of the Loan | December 31, 2021 | December 31, 2020 |
|---------------------------|---------------|----------|-----------------------------|-------------------|-------------------|
| Local bank loan 1         | SAR           | 2032     | 3,104,704                   | 2,801,734         | 2,780,582         |
| International bank loan 2 | USD           | 2033     | 832,400                     | 706,728           | 729,553           |
| International bank loan 3 | USD           | 2028     | 241,000                     | 111,843           | 129,056           |
| International bank loan 4 | USD           | 2033     | 174,000                     | 147,681           | 151,273           |
| International bank loan 5 | USD           | 2033     | 142,500                     | 120,816           | 123,754           |
| International bank loan 6 | USD           | 2032     | 951,422                     | 1,214,197         | 822,660           |
| International bank loan 7 | USD           | 2026     | 1,736,250                   | 476,965           | 870,791           |
| Local bank loan 4         | SAR           | 2036     | 1,223,000                   | 1,065,092         | 1,078,381         |
| Local bank loan 5         | SAR           | 2032     | 1,109,550                   | 884,011           | 955,533           |
| Shareholder Loans         | SAR           | -        | 50,000                      | 39,706            | 50,000            |
| International bank loan 8 | USD           | 2033     | 234,179                     | 180,070           | 190,609           |
| Local bank loan 6         | SAR           | 2032     | 495,500                     | 375,574           | 398,482           |
| <b>The total value</b>    |               |          | <b>10,294,505</b>           | <b>8,124,417</b>  | <b>8,280,674</b>  |

The unamortized portion has been deducted from prepaid fees and other fees for the year 2021, amounting to SAR (225,581) thousand.

**A Description of the Categories and Numbers of any Convertible Debt Instruments, Contractual Securities, Subscription Right Memoranda, or Similar Rights Issued or Granted by the Company During the Fiscal Year, with an Explanation of any Return Obtained by the Company in Return:**

There are no convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year ending on 31/12/2021.

**A Description of any Conversion Rights, Subscription under Convertible Debt Instruments, Contractual Securities, Subscription Right Memoranda, or Similar Rights Issued or Granted by the Company:**

There are no conversion rights, subscription under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year 2021.

**A Description of any Redemption, Purchase, or Cancellation by the Company of any Redeemable Debt Instruments, and the Value of the Listed Securities Purchased by the Company, or by its Subsidiaries:**

There is no redemption, purchase, or cancellation by the Company of any redeemable debt instruments, and the value of the listed securities purchased by the Company, or by its subsidiaries.

## Description of any transaction between the Company and a related party:

The ultimate controlling party of the group is the government of the Kingdom of Saudi Arabia through its ownership of the Public Investment Fund, Saudi Aramco, and the Saline Water Conversion Corporation, as the aforementioned entities are under the final control of the government of the Kingdom of Saudi Arabia in addition to the independent energy production companies and the investee companies. The following is a list of the most important transactions with related parties:

### A) Electric Power Sales

Figures in thousand Saudi riyals

|                                                                  | For the Year Ending December 31 |                   |
|------------------------------------------------------------------|---------------------------------|-------------------|
|                                                                  | 2021                            | 2020              |
| Electricity Sales:                                               |                                 |                   |
| Group's ultimate controlling party                               | 12,179,798                      | 11,594,615        |
| Entities under control of the Group's ultimate controlling party |                                 |                   |
| Saudi Aramco                                                     | 644,398                         | 446,240           |
| Saline Water Conversion Corporation                              | 534,041                         | 562,790           |
| <b>The total value</b>                                           | <b>13,358,237</b>               | <b>12,603,645</b> |

## B) Energy and Fuel Purchases

Figures in thousand Saudi riyals

|                                                                            | For the Year Ending December 31 |                   |
|----------------------------------------------------------------------------|---------------------------------|-------------------|
|                                                                            | 2021                            | 2020              |
| <b>Entities controlled by the ultimate controlling party of the group:</b> |                                 |                   |
| Saudi Aramco (*)                                                           | 10,064,742                      | 8,455,131         |
| Saline Water Conversion Corporation                                        | 610,385                         | 277,510           |
| Al-Fadhili Co-generation Company                                           | 697,141                         | 463,788           |
| <b>Joint operations:</b>                                                   |                                 |                   |
| Dhurma Electricity Company                                                 | 659,709                         | 588,697           |
| Rabigh Electricity Company                                                 | 885,768                         | 915,177           |
| Hajr for Electricity Production Company                                    | 824,658                         | 795,525           |
| Al-Murjan Electricity Production Company                                   | 482,402                         | 419,212           |
| <b>The total value</b>                                                     | <b>14,224,805</b>               | <b>11,915,040</b> |

\* The group buy the fuel and energy from Saudi Aramco and energy from Saline Water Conversion Corporation at prices stipulated in government decisions. Energy purchases from the joint operations were also transacted in accordance with the contracts concluded with each of them.

## C) Year-End Balances Generated from Electric Power Sales/Energy and Fuel Purchases/Loans

Figures in thousand Saudi riyals

|                                                                               | For the Year Ending December 31 |                   |
|-------------------------------------------------------------------------------|---------------------------------|-------------------|
|                                                                               | 2021                            | 2020              |
| Due to related parties:                                                       |                                 |                   |
| Ultimate controlling party of the group – governmental electricity receivable | 5,005,267                       | 17,194,708        |
| Entities controlled by the ultimate controlling party                         |                                 |                   |
| Saudi Aramco - Electricity Consumers' Receivables                             | 403,922                         | 170,929           |
| Saline Water Conversion Corporation - Electricity Consumers' Receivables      |                                 | -                 |
| Al Fadhli Co-Generation Company loans                                         | 253,874                         | 253,874           |
| Global Data Hub Company loans                                                 | 45,250                          | 30,250            |
| <b>Total due to related parties</b>                                           | <b>5,708,313</b>                | <b>17,649,761</b> |
| Due to related parties:                                                       |                                 |                   |
| The ultimate controlling party of the group - government payables             |                                 |                   |
| Government receivables                                                        | 4,570,538                       | -                 |
| <b>Total due to related parties</b>                                           | <b>4,570,538</b>                | <b>-</b>          |
| Due to entities controlled by the ultimate controlling party                  |                                 |                   |
| Saudi Aramco (*)                                                              | 683,830                         | 10,077,791        |
| Saline Water Conversion Corporation                                           | 359,437                         | 354,349           |
| Government payable expenses                                                   | 4,727,404                       | 12,778,238        |
| <b>Total</b>                                                                  | <b>5,770,671</b>                | <b>23,210,378</b> |

\* This includes fuel used by the Company, Independent Power Producer and purchase energy.

## D) Loans, Grants, and Financial Instruments from Related Parties

Figures in thousand Saudi riyals

|                            | December 31, 2021 | December 31, 2020 |
|----------------------------|-------------------|-------------------|
| Ultimate controlling party |                   |                   |
| Deferred Government grants | 1,525,987         | 1,089,377         |
| Ministry of Finance loan   | 541,475           | 756,413           |
| <b>Total</b>               | <b>2,067,462</b>  | <b>1,845,790</b>  |

## A Statement of the Value of the Regular Payments Paid and Due for the Payment of any Zakat, Taxes, Fees, or any other Entitlements That Have Not Been Paid until the End of the Annual Fiscal Period, with a Brief Description of it and a Statement of its Reasons

The table below shows the value of the receivables to the State's regulators or regulators:

| Statement                              | Thousands SAR |         |
|----------------------------------------|---------------|---------|
|                                        | 2021          | 2020    |
| Customs Fees                           | 66,225        | 11,160  |
| Zakat and Tax                          | 82,883        | 638,277 |
| Public Institution for Social Security | 968,722       | 506,540 |
| Other                                  | 66,745        | 50,307  |

## A Statement of the Value of any Investments or Reserves Established for the Benefit of the Company's Employees:

### Savings Program

The Company took the initiative to create a savings program (optional) to motivate employees and enhance their loyalty and belonging to the company, which contributes to raising the level of performance, attracting qualified Saudi cadres, motivating them to continue in service, and helping the Saudi employees to accumulate their savings and benefit from them upon retirement or end of service.

The Company deducts part of the employee's salary to voluntarily invest it in the interest of the participating employee, where the company chooses suitable areas for investing the program's funds following the Islamic investment conditions in low-risk vessels and portfolios in a way that achieves the interests of the participating employees.

The Company contributes (100%) of the value of the employee's monthly subscription and credits it to his account. The employee's entitlement to the Company's contribution is calculated according to the principles set by the Company, starting from (10%) upon completion of the first year of subscription to reaching (100%) upon completion of the tenth year of subscription. The employee's entitlements from this contribution are calculated in the event of the end of the subscription following the statutory controls. The following is an explanation of the change that occurred in the contribution of the participating employees, and the amount due to them from the Company's contribution during the year:

Figures in thousand Saudi riyals

| Statement                               | Employee's Contribution | Entitlements to the Employees From the Company's Contribution |
|-----------------------------------------|-------------------------|---------------------------------------------------------------|
| Balance as at the beginning of the year | 679,937                 | 795,556                                                       |
| Net added/excluded during the year 2021 | 48,955                  | 120,042                                                       |
| Balance at the end of the year          | 728,893                 | 915,598                                                       |

### Report of the Company's chartered accountant:

The 22nd Ordinary General Assembly, which was held on 27/04/2021, approved the appointment of KPMG Al Fozan & Partners as chartered accountants and auditors for the Company's accounts to examine, review, and audit the annual financial statements for the fiscal year 2021. The Company's chartered accountant report did not include any reservations on the annual financial statements.





