

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**



SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Saudi Electricity Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Electricity Company (the "Company") and its subsidiaries (together the "Group") as at March 31, 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three months period then ended and the related interim condensed consolidated statements of changes in equity and cash flows for the three months period then ended, and a summary of material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Other matter

The interim condensed consolidated financial information for the three months periods ended March 31, 2023, were reviewed by another auditor who expressed an unmodified conclusion on that information on 25th Shawaal, 1444H corresponding to May 15, 2023.

Deloitte and Touche & Co.

Chartered Accountants

P.O. Box 213,
Riyadh 11411
Kingdom of Saudi Arabia

Waleed Bin Moha'd. Sobahi
Certified Public Accountant
License No. 378



11 Dhul Qadah 1445H
May 19, 2024

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

(All amounts in thousands Saudi Riyals unless otherwise stated)

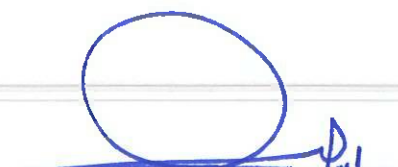
	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment, net	9	466,605,134	460,951,523
Intangible assets, net		266,741	288,882
Right-of-use assets, net		396,151	370,377
Investment properties		461,577	462,372
Equity accounted investees		4,770,118	4,696,923
Financial assets at amortized cost		18,807	18,807
Financial assets through other comprehensive income	6.1	250,645	250,645
Derivative financial instruments	13.3	219,473	150,374
Total non-current assets		472,988,646	467,189,903
Current assets			
Inventories, net	10	4,295,132	3,609,490
Receivables from sale of electricity, net	11	23,990,589	23,472,078
Loans and advances	23	10,299,541	3,799,411
Contract assets		-	248,679
Prepayments and other receivables		4,336,807	1,847,705
Cash and cash equivalents		1,252,732	621,552
Total current assets		44,174,801	33,598,915
TOTAL ASSETS		517,163,447	500,788,818
EQUITY AND LIABILITIES			
Equity			
Share capital	1	41,665,938	41,665,938
Statutory reserve		7,105,975	7,105,975
General reserve		702,343	702,343
Other reserves		412,735	109,636
Contractual reserve - Mudaraba instrument	12	3,046,592	860,593
Retained earnings		36,663,845	37,952,664
Total equity before Mudaraba Instrument (1)		89,597,428	88,397,149
Mudaraba instrument		159,169,000	159,169,000
Fair value adjustment of Mudaraba instrument		8,751,563	8,751,563
Mudaraba instrument (2)	12	167,920,563	167,920,563
Total equity (1+2)		257,517,991	256,317,712
LIABILITIES			
Non-current liabilities			
Long term loans	13.2	71,645,590	60,637,794
Long term sukuk	13.2	35,177,187	24,366,949
Employees' benefits obligation		9,264,638	9,280,894
Non-current portion of deferred revenue		72,540,737	72,257,165
Advances from subscribers		18,916,671	18,733,439
Deferred government grants	23	1,218,524	1,256,645
Derivative financial instruments	13.3	-	173,663
Non-current portion of lease liabilities		298,702	286,961
Total non-current liabilities		209,062,049	186,993,510

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT MARCH 31, 2024

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current liabilities			
Short term loans and facilities	13.2	7,916,000	8,915,653
Current portion of long term loans	13.2	2,966,000	2,907,948
Short term sukuk	13.2	5,625,000	13,125,000
Trade payables	13.1	4,206,782	4,115,266
Accruals and other payables	14	20,464,381	18,421,750
Provision for other liabilities and charges		1,012,196	1,175,113
Refundable deposits from customers	13.1	1,911,034	1,910,357
Current portion of deferred revenue		2,783,221	2,748,577
Contract liabilities		3,606,360	4,080,670
Current portion of lease liabilities		92,433	77,262
Total current liabilities		50,583,407	57,477,596
Total liabilities		259,645,456	244,471,106
TOTAL EQUITY AND LIABILITIES		517,163,447	500,788,818


Executive Vice President and Chief
Financial Officer

Abdulaziz bin Abdulrahman AlMuhaiza


Chief Executive Officer

Khaled bin Hamad Al-Gnoon


Chairman of the Board

Dr. Najem Abdullah Alzaid

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

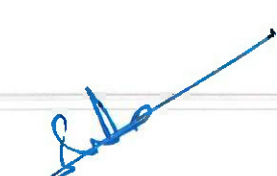
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

(All amounts in thousands Saudi Riyals unless otherwise stated)

		March 31, 2024 (unaudited)	March 31, 2023 (unaudited)
	Notes		
Operating revenue	18	15,858,490	13,379,207
Cost of revenue	19	(13,718,042)	(11,619,426)
Gross profit		2,140,448	1,759,781
Other income	20	270,110	320,724
Provision for receivable from consumption of electricity and other receivables, net	11	(56,157)	(118,787)
General and administrative expenses		(335,574)	(237,689)
Operating profit for the period		2,018,827	1,724,029
Finance income		156,629	19,154
Finance expense		(1,291,975)	(1,256,635)
Finance costs, net	21	(1,135,346)	(1,237,481)
Share of profit/(loss) on equity accounted investees		37,744	(6,806)
Profit for the period before zakat		921,225	479,742
Zakat expenses	17	(24,045)	-
Profit for the period		897,180	479,742
Loss per share (express in SR per share)			
Basic and diluted loss per share	22	(0.31)	(0.34)


Executive Vice President and Chief
Financial Officer

Abdulaziz bin Abdulrahman AlMuhaiza


Chief Executive Officer

Khaled bin Hamad Al-Gnoon


Chairman of the Board

Dr. Najem Abdullah Alzaid

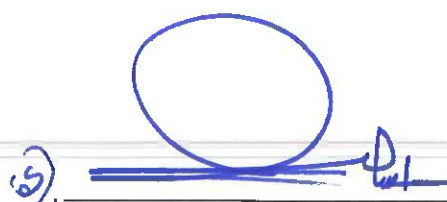
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condensed consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

(All amounts in thousands Saudi Riyals unless otherwise stated)

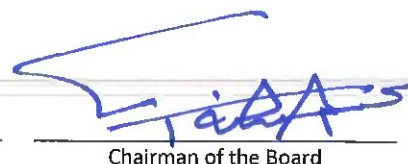
	Notes	March 31, 2024 (unaudited)	March 31, 2023 (unaudited)
Profit for the period		897,180	479,742
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:			
Derivative financial instruments at fair value - effective portion		303,099	(47,568)
Total items that may be reclassified to interim condensed consolidated statement of profit or loss		303,099	(47,568)
Other comprehensive income/(loss)		303,099	(47,568)
Total comprehensive income		1,200,279	432,174


Executive Vice President and Chief
Financial Officer

Abdulaziz bin Abdulrahman AlMubalza


Chief Executive Officer

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Chairman of the Board

Dr. Najem Abdullah Alzaid

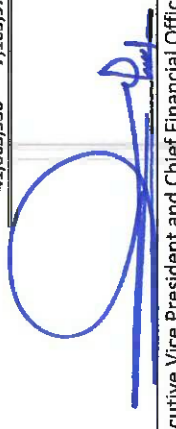
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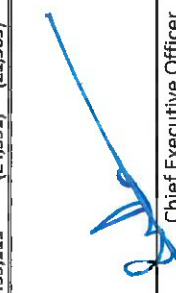
SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Share capital	Statutory reserve	General reserve	Other reserves				Contractual reserve for Mudaraba Instrument	Retained earnings	Total equity before Mudaraba Instrument (1)		Mudaraba Instrument (2)	Total equity (1+2)
				Fair value of derivatives	Employees' benefits obligation	Financial assets at FVOCI	Total other reserves						
Balance as at January 1, 2023 (audited)	41,665,938	7,105,975	702,343	95,969	331,281	86,705	513,955	860,593	38,281,357	89,130,161	479,742	167,920,563	257,050,724
Profit for the period	-	-	-	(47,568)	-	-	(47,568)	-	479,742	(47,568)	-	-	479,742
Other comprehensive loss	-	-	-	(47,568)	-	-	(47,568)	-	-	432,174	-	-	(47,568)
Total comprehensive income	-	-	-	-	-	-	-	-	479,742	-	-	-	-
Transfer to contractual reserve for Mudaraba instrument (note 12)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023 (unaudited)	41,665,938	7,105,975	702,343	48,401	331,281	86,705	466,387	2,749,699	36,871,993	89,562,335	-	167,920,563	257,482,898
Balance as at January 1, 2024 (audited)	41,665,938	7,105,975	702,343	156,012	(24,391)	(21,985)	109,636	860,593	37,952,664	88,397,149	-	167,920,563	256,317,712
Profit for the period	-	-	-	-	-	-	-	-	897,180	897,180	-	-	897,180
Other comprehensive income	-	-	-	303,099	-	-	303,099	-	-	303,099	-	-	303,099
Total comprehensive income	-	-	-	303,099	-	-	303,099	-	-	1,200,279	-	-	1,200,279
Transfer to contractual reserve for Mudaraba instrument (note 12)	-	-	-	-	-	-	-	-	897,180	-	-	-	-
Balance as at March 31, 2024 (unaudited)	41,665,938	7,105,975	702,343	459,111	(24,391)	(21,985)	412,735	2,185,999	36,663,845	89,597,428	-	167,920,563	257,517,991

(97) 
Executive Vice President and Chief Financial Officer


Chief Executive Officer


Chairman of the Board

Abdulaziz bin Abdulrahman AlMuhaiza

Khaled bin Hamad Al-Gnoon

Dr. Najem Abdullah Alzaid

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	March 31, 2024 (unaudited)	March 31, 2023 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period before zakat	921,225	479,742
Adjustments for:		
Depreciation of property, plant and equipment	4,888,519	4,678,801
Depreciation of right-of-use assets	42,108	8,703
Depreciation of investment properties	795	676
Amortisation of intangible assets	22,141	17,421
Finance costs, net	1,135,346	1,237,481
Employees' benefits obligation	172,987	168,585
(Reversal)/provision for slow-moving and obsolete inventories	(30,473)	24,158
Provision for receivable from consumption of electricity and other receivables, net	56,157	118,787
Share of profit/ (loss) on equity accounted investees	(37,744)	6,806
Provision for other liabilities and charges	(186,962)	(5,478)
Amortisation of deferred government grant	(38,121)	(33,217)
Gain on disposal of property, plant and equipment	(122,195)	-
Cash flow after adjustment of non-cash item	6,823,783	6,702,465
Changes in operating assets and liabilities:		
Inventories, net	(655,169)	(835,614)
Receivables from sale of electricity, net	(525,310)	2,060,820
Prepayments and other receivables	(2,538,460)	1,210,017
Loans and advances	(6,500,130)	(5,473,451)
Contract assets	248,679	-
Trade payables	91,516	(220,766)
Accruals and other payables	2,210,521	1,513,587
Contract liabilities	(474,310)	-
Refundable deposits from customers	677	300
Advances from subscribers	183,232	632,038
Deferred revenue	318,216	107,695
Cash (used in)/generated from operations	(816,755)	5,697,091
Employees' benefits obligation paid	(313,761)	(376,960)
Net cash (used in) / generated from operating activities	(1,130,516)	5,320,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,546,833)	(7,103,683)
Proceeds from sale of property, plant and equipment	126,898	-
Net cash used in investing activities	(10,419,935)	(7,103,683)

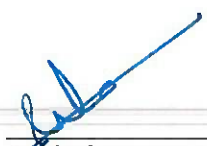
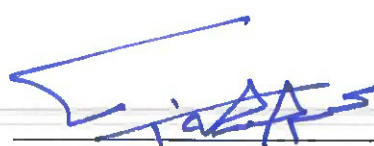
SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	March 31, 2024 (unaudited)	March 31, 2023 (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	14,097,827	5,478,803
Proceeds from issuance of sukuks	10,804,286	-
Repayments of loans	(4,031,632)	(3,373,346)
Repayments of Sukuk	(7,494,048)	-
Payment for lease liabilities	(43,272)	(11,855)
Dividends paid	(2,222)	(2,189)
Net finance costs paid	(1,149,308)	(1,420,978)
Net cash generated from financing activities	12,181,631	670,435
Net change in cash and cash equivalents	631,180	(1,113,117)
Cash and cash equivalents at the beginning of the period	621,552	3,162,824
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	1,252,732	2,049,707

Non-cash transactions are disclosed in note 25.

(65)

		
Executive Vice President and Chief Financial Officer	Chief Executive Officer	Chairman of the Board
Abdulaziz bin Abdulrahman AlMuharza	Khaled bin Hamad Al-Gnoon	Dr. Najem Abdullah Alzaid

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**
(All amounts in thousands Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION

The Saudi Electricity Company (the "Company") was formed pursuant to the Council of Ministers' Resolution Number 169 dated 11 Sha'ban 1419H corresponding to November 29, 1998, which reorganized the Electricity Sector in the Kingdom of Saudi Arabia by merging all local companies that provided electricity services (10 joint stock companies that covered most of the geographical areas of the Kingdom), in addition to the projects of the General Electricity Corporation, a governmental corporation belonging to the Ministry of Industry and Electricity (11 operating projects that covered various areas in the north of the Kingdom) into the Company.

The Company was founded as a Saudi joint stock company pursuant to the Royal Decree No. M/16 dated 6 Ramadan 1420H corresponding to December 13, 1999, in accordance with the Council of Ministers' Resolution Number 153, dated 5th Ramadan 1420H corresponding to December 12, 1999 and the Minister of Commerce's Resolution Number 2047 dated 30 Dhul-Hijjah 1420H corresponding to April 5, 2000 as a Saudi joint stock company according to the Commercial Registration by Riyadh Number 1010158683, dated 28 Muhurram 1421H corresponding to May 3, 2000.

The Company's principal activities are generation, transmission and distribution of electricity. The Company is the major provider of electricity all over the Kingdom of Saudi Arabia, serving governmental, industrial, agricultural, commercial, and residential consumers.

The Company is a tariff-regulated company for provision of electricity. Electricity tariffs are determined by the Council of Ministers based on recommendations from the Saudi Electricity Regulatory Authority (previously known as "Water & Electricity Regulatory Authority") (the "Authority"), which was established on November 13, 2001 according to Council of Ministers' Resolution No. 169 dated 11 Sha'aban 1419H. The change on tariff was made through the Council of Ministers' Resolution Number 170 dated 12 Rajab 1421H and was effective from 1 Sha'aban 1421H corresponding to October 28, 2000 whereby the tariff on the highest bracket was set at a rate of 26 Halala per Kilowatts per hour.

This was further amended by the Council of Ministers in its decision (number 333) dated 16 Shawwal 1430H, corresponding to October 5, 2009, which granted the Board of Directors of the Authority the right to review and adjust the non-residential (commercial, industrial and governmental) electricity tariff and approve them as long as the change does not exceed 26 Halala for each kilowatt per hour, taking into consideration, among other matters, the electricity consumption at peak times. This tariff was implemented starting 19 Rajab 1431H, corresponding to July 1, 2010.

On 17th Rabi Awal 1437H corresponding to December 28, 2015, Council of Ministers issued its resolution (Number 95), to increase price of electricity effective from 18 Rabi Awal 1437H corresponding to December 29, 2015, and to increase electricity consumption tariff for all categories with the highest band being 32 Halala per Kilowatts per hour, which came into effect from 1 Rabi Thani 1437H corresponding to January 11, 2016.

On 24 of Rabi Awal 1439H corresponding to December 12, 2017, the Council of Ministers issued a resolution (Number 166) to increase the prices of electricity and electricity consumption rates for some categories of subscribers with the highest band being 30 Halala per Kilowatts per hour. This change was effective from January 1, 2018 without referring to the previous highest band of 32 Halala. According to Royal Decree No. 14006 dated 23 Rabi'l, 1439H corresponding to December 11, 2017, the Saudi Electricity Company shall pay a government fee equivalent to the difference between the previous and the new tariffs. On 21 of Rabi Awal, 1442 (corresponding to November 7, 2020) Royal Decree No. (16031) was issued to cancel the government fee.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION (CONTINUED)

On 29 of Rabi'l, 1442H corresponding to November 15, 2020, the Minister of Energy, Chairman of the Ministerial Committee issued a letter (Number 2057) for restructuring the electricity sector and cancellation of the government fee as of January 1, 2021, with the aim to restructure the electricity sector in Saudi Arabia and approved the mechanism of revenue of Saudi Electricity Company.

Pursuant to Royal Order No. 2719 - dated 14/01/1438 corresponding to October 15, 2016, and Ministry of Finance letter No. 5627 - dated 02/06/1441 corresponding to January 27, 2020, the balancing account has been activated by the Ministry of Finance starting from 2019.

In line with the letter; No. 2057-dated 29 Rabi Awal 1442 corresponding to November 15, 2020, received by the Company from the Minister of Energy, Chairman of the Ministerial Committee for restructuring the electricity sector. The required revenue for the Company is calculated based on an asset base model adjusted for regulatory return on the weighted regulatory return for the cost of capital for the years 2021-2023. Which will be reset in 2024 with the new regulatory return on the weighted regulatory return for the cost of capital for the years 2024-2026. On 20 Shawwal, 1445H corresponding to April 29, 2024, the Company has received the letter no. 450201/3979 from the Minister of Energy, Chairman of the Ministerial Committee relating to revision of WACC to 6.65% for the years 2024-2026. The required revenue is subject to adjustment as per the revenue and payments correction methodology in line with the actual figures achieved. The Company re-estimates the required revenue and the expected revenue to record the difference required recorded for the period based on the actual achieved results and make the necessary adjustments, if any.

On 14 Safar 1443H, corresponding to September 21, 2021, the Council of Ministers Resolution (No. 111) was issued approving the tariff for heavy consumption of electricity that will be applied to establishments operating in qualified activities or sectors and belonging to the categories of industrial, commercial and agricultural consumption - which are determined by a committee formed under the chairmanship of the Ministry of Energy and the membership of a number of ministries and government agencies to determine the applicable sectors for this tariff. By submitting a request to the consumer to apply the tariff to their facility. The heavy consumption tariff will be in accordance with the regulations announced by the Authority. And on December 20, 2022, the Council of Ministers Decision No. (361) was issued approving the application for this tariff as of January 1, 2023.

The Company's share capital is divided into 4,166,593,815 shares of SR 41,665,938,150 with a nominal value of SR 10 per share. The Government of Saudi Arabia's shareholding of 74.31% in the Company was transferred to the Public Investment Fund by Royal Decree No. 47995 dated 19th Shawwal 1438H (July 13, 2017).

The address of its registered headquarter is located in Riyadh, Kingdom of Saudi Arabia.

Saudi Electricity Company is referred to as ("Company") or together with its subsidiaries as ("Group") throughout the financials. These interim condensed consolidated financial statements include the assets, liabilities and results of operations of the subsidiaries referred to in the table below. The percentage of voting rights owned by the Company in subsidiaries is not different from that of the ordinary shares held. The financial year of the subsidiaries starts from the first of January and ends at the end of December of each Gregorian year, except newly incorporated companies for which first financial year begins on the date of incorporation and ends on December 31.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

1. CORPORATE INFORMATION (CONTINUED)

The subsidiaries are listed below:

		Ownership in ordinary shares %		
		March 31, December 31,		
Subsidiary	Country of incorporation	2024	2023	Principal activities
National Grid S.A. Company “Grid Company”	Kingdom of Saudi Arabia	100	100	Transmission
Dawiyat Telecommunication Company	Kingdom of Saudi Arabia	100	100	Telecommunication
Electricity Sukuk Company	Kingdom of Saudi Arabia	100	100	Financing
Saudi Electricity for Projects Development Co.	Kingdom of Saudi Arabia	100	100	Projects Management
Saudi Electricity Global Sukuk Company	Cayman Islands	100	100	Financing
Saudi Electricity Global Sukuk Company - 2	Cayman Islands	100	100	Financing
Saudi Electricity Global Sukuk Company – 3	Cayman Islands	100	100	Financing
Saudi Electricity Global Sukuk Company – 4	Cayman Islands	100	100	Financing
Saudi Electricity Global Sukuk Company – 5	Cayman Islands	100	100	Financing
Saudi Electricity Company for the International Sukuk Program	Cayman Islands	100	100	Financing
Solution Valley Company	Kingdom of Saudi Arabia	100	100	Power service
Dawiyat Integrated Company for Telecommunications and Information Technology	Kingdom of Saudi Arabia	100	100	Telecommunication
Saudi Energy Production Company (business not commenced)	Kingdom of Saudi Arabia	100	100	Energy Generation Wireless
Dawiyat Digital for Information Technology	Kingdom of Saudi Arabia	100	-	telecommunication services
Dawiyat Company for Data Centers (business not commenced)	Kingdom of Saudi Arabia	100	-	Building, operating, and leasing data centres

These interim condensed consolidated financial statements include Group's share in joint ventures and associates as below:

Joint Ventures	Country of incorporation	Ownership in ordinary shares %	
		March 31,	December 31,
		2024	2023
Hajr for Electricity Production Company	Kingdom of Saudi Arabia	50	50
Rabigh Electricity Company	Kingdom of Saudi Arabia	20	20
Dhuruma Electricity Company	Kingdom of Saudi Arabia	50	50
Al Mourjan for Electricity Production Company	Kingdom of Saudi Arabia	50	50
Global Data Hub Company	Kingdom of Saudi Arabia	50	50
Electric Vehicle Infrastructure Company	Kingdom of Saudi Arabia	25	-
Associates			
Gulf Co-operation Council Inter-Connection Authority	Kingdom of Saudi Arabia	31.6	31.6
Gulf Laboratory Company for testing electrical Equipment	Kingdom of Saudi Arabia	30	25
Al Fadhly Co-Generation Company	Kingdom of Saudi Arabia	30	30
Green Saudi Company for Carbon Services	Kingdom of Saudi Arabia	51	51
Sidra One Holding company	Kingdom of Saudi Arabia	50	-
Qudra One Holding company	Kingdom of Saudi Arabia	50	-

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2. SIGNIFICANT EVENT

Climate change effect

The government of the Kingdom of Saudi Arabia has announced a set of initiatives that aim, among other things, to reduce carbon emissions by using renewable energy projects, which are expected to provide 50% of electricity production in the Kingdom of Saudi Arabia by 2030.

The Group is exposed to both short and long-term climate change risks due to increased expectations of customers, investors, financiers and government. These risks are an integral part of the generation, transmission and distribution of electricity. The Group management is constantly working to reduce the environmental impact of the business.

The higher fuel consumption costs and greenhouse gas emissions associated with the consumption of liquid fuels have an impact not only on the environment, but also on the Group's net profit, and the Group considers that there is no material impact resulting from these initiatives on the values of machinery and property and associated impairment losses.

The Group is currently working on developing a strategy to improve its energy performance through efficient energy consumption and energy production from sustainable sources.

3. BASIS OF PREPARATION

a) Statement of compliance

These interim condensed consolidated financial statements of the Group have been prepared in compliance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as endorsed by Saudi Organization for Chartered and Public Accountants (SOCPA) and the requirements of the laws and regulations in Saudi Arabia.

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2023. IAS 34 states that the interim condensed consolidated financial statements are intended to provide an update on the latest complete set of annual financial statements. Hence, IAS 34 requires less disclosure in interim financial statements than IFRS requires in annual financial statements.

The Group has elected to present two sets of interim condensed consolidated statement of comprehensive income and presents its expenses by function.

b) Basis of measurements and presentation

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the interim condensed consolidated statement of financial position:

- The employees' benefits obligation, which is recognised at the present value of future obligations using the Projected Unit Credit Method.
- Financial assets through other comprehensive income including derivative financial instruments and Mudaraba instrument that are measured at fair value.

These interim condensed consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Group. These interim condensed consolidated financial statements have been rounded-off to nearest SR thousand, unless otherwise stated.

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4. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2023.

Accounting policies adopted in preparation of these interim condensed consolidated financial statements are described in note 4 of the Group's consolidated financial statements for the year ended December 31, 2023.

4.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

New and revised IFRSs applied with no material impact on the interim condensed consolidated financial statements

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have a significant impact on the interim condensed consolidated financial statements of the Group.

- *Amendment to IFRS 16 – Leases on sale and leaseback*
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- *Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements*
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- *Amendment to IAS 1 – Non-current liabilities with covenants*
These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)
(continued)

New and revised IFRSs issued but not yet effective

- Amendment to IFRS 27 – Lack of exchangeability
- Amendments to IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group is in the process of determining the impact of these amendments/Standards on the interim condensed consolidated financial statements in the period of initial application.

5. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Group's interim condensed consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities, at the reporting date. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the Group's annual consolidated financial statements as of December 31, 2023.

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6. FINANCIAL RISK MANAGEMENT

6.1 Fair-value measurement

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities whose fair values are measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is described, as follows, based on the lowest input level considered significant for the overall measurement:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either, directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

For assets and liabilities that are recognised in the interim condensed consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table presents the Group's financial assets and liabilities that are measured at fair value:

As of March 31, 2024 - Unaudited	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets through other comprehensive income	-	-	250,645	250,645
Derivative financial assets	-	219,473	-	219,473
Total assets	-	219,473	250,645	470,118
Equity				
Mudaraba instrument	-	-	159,169,000	159,169,000
Equity financial instrument	-	-	159,169,000	159,169,000

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Fair-value measurement (continued)

As of December 31, 2023 - Audited	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
Financial assets through other comprehensive income	-	-	250,645	250,645
Derivative financial assets	-	150,374	-	150,374
Total assets	-	150,374	250,645	401,019
Liabilities				
Derivatives financial liabilities	-	173,663	-	173,663
Financial instruments liabilities	-	173,663	-	173,663
Equity				
Mudaraba instrument	-	-	159,169,000	159,169,000
Equity financial instrument	-	-	159,169,000	159,169,000

Valuation techniques used to derive level two fair-value

Interest rate swaps are fair valued using the mark-to-market value (or fair value) of the interest rate swap technique. The effects of discounting are generally insignificant for Level two derivatives.

Fair value measurements using significant unobservable inputs (Level three)

The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current default swap or bond prices.

The Group has four financial assets through other comprehensive income i.e.

- 8% Stake in Shuaiba Water and Electricity Company;
- 8% Stake in Shuqaiq Water and Electricity Company;
- 5% Stake in Jubail Water and Power Company; and
- 8% Stake in Shuaiba Expansion Holdings Company.

The fair valuation of these four investments is carried out using the dividend valuation model (DVM).

In accordance with this methodology, the expected future dividends from the investments are projected (the historical dividend pay-out pattern is used as a basis for future projections over the investment horizon), and discounted using the cost of equity as the relevant discount rate to ascertain the fair value of these investments.

Projected dividends and cost of equity are the main input variables for the utilised model for the fair valuation of financial assets at fair value through other comprehensive income.

There have been no transfers between fair values levels during the three months period ended March 31, 2024.

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6. FINANCIAL RISK MANAGEMENT (CONTINUED)

6.1 Fair-value measurement (continued)

Fair value measurements using significant unobservable inputs (Level three) (continued)

Movement in level 3 fair value financial instruments represented in financial assets at other comprehensive income during the period/year is as follows:

	March 31, 2024 (unaudited)	December 31, 2023 (Audited)
Balance at the beginning of the period / year	250,645	359,335
Change in fair value of the financial assets through other comprehensive income during the period / year	-	(108,690)
Balance at the end of the period / year	250,645	250,645

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the financial assets and liabilities approximates their carrying amount.

Mudaraba instrument

The fair value of the Mudaraba was initially determined using the income approach, where perpetual cash flows plus the agreed profit rate on the instrument is discounted using an appropriate discount rate of 4.3%. This discount rate is derived using the following:

- the cost of debt (yield to maturity) for a sukuk issued by the Government of the Kingdom of Saudi Arabia with the longest maturity and
- the premium of 6% (weighted average cost of capital) determined by the Authority given the perpetual nature of the instrument.

6.2 Liquidity risk

Liquidity risk represents that the Group will encounter difficulty in raising monies to meet commitments associated with financial instruments.

The management objective of liquidity risk is to ensure that the Group has sufficient financing facilities to meet its current and future obligations. The Group aims to maintain adequate flexibility in financing by maintaining appropriate credit facilities. The Group expects to meet its future financial obligations without being affected by the shortfall in working capital, through cash collections of receivables and through bank facilities and loans.

6.3 Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to sales. Customers are not independently rated. The Group assesses the credit quality of the subscribers taking into account its past experience and other factors.

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. Sales are settled in SADAD or using major credit cards and various electronic channels.

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7. SEASONALITY OF OPERATIONS

The operations and revenues of the Group are affected by seasonal weather changes during the year. Revenues are materially lower during the winter months due to lower consumption of electricity whereas higher revenues are earned during summer months due to the increase in consumption of electricity as a result of high temperatures. Therefore, the results of operations for this interim period may not be an accurate indication of the actual results for the full year.

8. OPERATING SEGMENTS AND THE FUTURE RESTRUCTURING OF THE GROUP'S ACTIVITIES

The main operating activities of the Group are divided into generation, transmission, distribution and subscriber services which are complementary to each other in the production and delivery of electricity to the consumers. The Group's revenues are currently realized from the sale of energy to the final consumer as per the official rate set for the system. All operations are carried out within the Kingdom.

The main actions of each activity are as follows:

Operating activities	Description
Generation	Production of electricity.
Transmission	Transmission of power from generation plants using the transmission network to the distribution network and operation of the electricity transmission and maintenance system.
Distribution and Subscriber Services	Receiving and distributing power from transmission networks to subscribers, issuance and distribution of consumption bills and collections.

The Group is working on implementing an integrated plan aimed at separating the activities into independent companies, as part of the Kingdom's plan to restructure the electricity set up in the Kingdom, and work is underway to develop legal arrangements for it.

The financial information presented in the following table is as follows:

- A. The financial information of the Saudi Electricity Company in the following schedule includes the generation activities, distribution and subscribers' services, as procedures are still underway to separate the generation and distribution activities - until the date of preparing these interim condensed consolidated financial statements - within the Company's integrated plan for the separation.
- B. For National Grid S.A. Company which includes transmission of electricity and the operation and maintenance of the transmission system; and
- C. Other segments include the telecommunication and other activities.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

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8. OPERATING SEGMENTS AND THE FUTURE RESTRUCTURING OF THE GROUP'S ACTIVITIES (CONTINUED)

Three-months period ended March 31, 2024 (Unaudited) (SR in million)	Saudi Electricity Company	National Grid Company	Other subsidiaries	Adjustments / eliminations	Total
Revenue					
External consumers	14,453	1,183	222	-	15,858
Between sectors	-	5,209	-	(5,209)	-
Total revenue	14,453	6,392	222	(5,209)	15,858
Cost of revenue					
Fuel	(16)	-	-	-	(16)
Purchased power	(8,877)	(878)	-	5,209	(4,546)
Operating and maintenance costs	(2,991)	(791)	(27)	4	(3,805)
Construction cost	-	(502)	-	-	(502)
Depreciation of property, plant and equipment	(2,827)	(1,906)	(74)	-	(4,807)
Depreciation of right-of-use assets	(42)	-	-	-	(42)
Total cost of revenue	(14,753)	(4,077)	(101)	5,213	(13,718)
General and administrative expenses	(60)	(64)	(130)	-	(254)
Depreciation – general and administrative	(82)	-	-	-	(82)
Total general and administrative expenses	(142)	(64)	(130)	-	(336)
Other income/(expenses), net	546	20	68	(364)	270
Provision for receivable from consumption of electricity and other receivables, net	(56)	-	-	-	(56)
Finance costs, net	(1,123)	(372)	-	360	(1,135)
Share of profit of equity accounted investees	38	-	-	-	38
Zakat expenses	(24)	-	-	-	(24)
	(619)	(352)	68	(4)	(907)
(Loss)/profit for the period	(1,061)	1,899	59	-	897
As at March 31, 2024					
Property, plant and equipment, net	269,257	193,530	3,818	-	466,605
Total assets	411,996	196,404	4,869	(96,106)	517,163
Total liabilities	203,571	140,132	2,034	(86,092)	259,645

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8. OPERATING SEGMENTS AND THE FUTURE RESTRUCTURING OF THE GROUP'S ACTIVITIES (CONTINUED)

Three-months period ended March 31, 2023 (Unaudited) (SR in million)

	Saudi Electricity Company	National Grid Company	Other subsidiaries	Adjustments/ eliminations	Total
Revenue					
External consumers	12,314	923	142	-	13,379
Between sectors	-	4,658	-	(4,658)	-
Total revenue	12,314	5,581	142	(4,658)	13,379
Cost of revenue					
Fuel	(10)	-	-	-	(10)
Purchased power	(2,570)	(880)	-	-	(3,450)
Operating and maintenance costs	(7,562)	(654)	(10)	4,662	(3,564)
Depreciation of property, plant and equipment	(2,688)	(1,828)	(70)	-	(4,586)
Depreciation of right-of-use assets	(9)	-	-	-	(9)
Total cost of revenue	(12,839)	(3,362)	(80)	4,662	(11,619)
General and Administrative Expenses	(81)	(35)	(28)	-	(144)
Depreciation – general and administrative	(93)	-	-	-	(93)
Total general and administrative expenses	(174)	(35)	(28)	-	(237)
Other income/(expenses), net	449	21	37	(186)	321
Provision for receivable from consumption of electricity and other receivables, net	(119)	-	-	-	(119)
Finance cost, net	(1,227)	(193)	-	182	(1,238)
Share of loss from equity accounted investees	(7)	-	-	-	(7)
	(904)	(172)	37	(4)	(1,043)
(Loss)/profit for the period	(1,603)	2,012	71	-	480
As at March 31, 2023					
Property, plant and equipment, net	265,674	170,650	3,493	-	439,817
Total assets	398,477	171,551	3,998	(91,086)	482,940
Total liabilities	172,475	132,070	1,934	(81,022)	225,457

SAUDI ELECTRICITY COMPANY
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9. PROPERTY, PLANT AND EQUIPMENT, NET

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Net book value at the beginning of the period/year	460,951,523	438,083,263
Additions	10,546,833	41,919,701
Disposals, net	(4,703)	(158,398)
Transfer to intangible assets	-	(17,999)
Transfer to investment properties, net	-	(18,828)
Transfer from investment properties, net	-	20
Depreciation for the period/year	(4,888,519)	(19,820,328)
Reclassification*	-	964,092
Net book value at the end of the period/year	466,605,134	460,951,523

An amount of SR 2.84 billion (December 31, 2023: SR 32.9 billion) was transferred from projects under construction to property, plant and equipment. Project under construction as of March 31, 2024 is SR 75.36 billion (December 31, 2023: SR 67.7 billion).

Capitalized finance charges during the period on projects under construction amounting to SR 0.98 billion (December 31, 2023: SR 3.2 billion).

*During the year ended December 31, 2023, the Company has reclassified some assets from property, plant and equipment to construction work in progress at its original cost of SR 15.78 billion due to absence of Energy Conversion Agreement (ECA), which is expected to be executed post successful testing has resulted in these assets not ready for intended use. This has resulted in associated depreciation charged back to these assets amounting to SR 0.964 billion.

The Company received a letter from the Ministry of Energy No. 7573/45020806, dated 30 Shaban 1445H corresponding to March 11, 2024, that pursuant to the letter of His Excellency the Chief of the Royal Court No. 60000, dated 16 Shaaban 1445H corresponding to February 26, 2024, which stipulates the Royal directive approving the transfer of ownership of 56 lands to the Company, related work is underway to complete the legal ownership and transfer procedure with the relevant authorities.

10. INVENTORIES, NET

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Material and supplies:		
Generation plant	2,230,817	2,409,063
Distribution network	2,231,434	1,691,137
Transmission network	203,912	215,726
Others	386,523	81,591
	5,052,686	4,397,517
Less: provision for slow-moving and obsolete inventories	(757,554)	(788,027)
	4,295,132	3,609,490

The permanent decrease in the value of the inventories amounted to SR 148 million as of March 31, 2024 (December 31, 2023: SR 102.6 million).

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10. INVENTORIES, NET (CONTINUED)

Movement in provision for slow-moving and obsolete inventories is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance as at beginning of the period/year	788,027	932,173
Reversal for the period/year	(30,473)	(144,146)
Balance as at the end of the period/year	757,554	788,027

11. RECEIVABLES FROM SALE OF ELECTRICITY, NET

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Governmental institutions (note 23)	6,907,317	6,444,187
Commercial, residential and industrial	11,140,342	11,890,709
Receivables for electricity service connection projects	2,169,386	1,709,575
Due from related parties (note 23)	4,238,115	3,456,936
	24,455,160	23,501,407
Add: Unbilled revenue	3,019,173	3,449,047
	27,474,333	26,950,454
Less: provision for doubtful electricity receivables	(3,483,744)	(3,478,376)
	23,990,589	23,472,078

The movement in the provision for doubtful receivables during the period / year is as follow:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance as at beginning of the period/year	3,478,376	3,580,487
Charged / (reversal) for the period/year	6,799	(56,731)
Write-offs during the period/year	(1,431)	(45,380)
Balance as at the end of the period/year	3,483,744	3,478,376

12. CONTRACTUAL RESERVE FOR MUDARABA INSTRUMENT

Pursuant to the letter received from His Royal Highness the Minister of Energy, chairman of the ministerial committee for the restructuring of the electrical sector (No. 01-2057-1442H dated 29/03/1442H corresponding to November 15, 2020), regarding the issuance of a royal order No. 16031 approving the settlement of net government dues from the Company and signing Mudaraba agreement with the government of the Kingdom of Saudi Arabia represented by the Ministry of Finance, to transfer the net financial liabilities accrued to the government by the Company by the end of year 2019, amounting to SR 167.9 billion, into a financial instrument, which is unsecured, with an unspecified, recoverable term, and an annual profit margin of 4.5% for a period of 3 years ending in 2023, provided that the margin is recalculated. On 20 Shawwal, 1445H corresponding to April 29, 2024, the Company has received the letter no. 450201/3979 from the Regulator with the updated WACC, which has resulted in a change of annual profit margin of 5.15% (effective from January 1, 2024) for the period of 3 years ending 2026.

The General Assembly, held on 12/05/1442H corresponding to December 27, 2020, approved to create contractual reserve for the purpose of profit payment on Mudaraba agreement concluded between the Company and the Ministry of Finance which is referred to in the Mudaraba agreement.

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12. CONTRACTUAL RESERVE FOR MUDARABA INSTRUMENT (CONTINUED)

The Board of Directors has approved the relevant decisions shown in the following table.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance as at the beginning of the period/year	860,593	860,593
Transferred from retained earnings during period/year	2,185,999	7,661,376
Paid during the period/year	-	(7,661,376)
Balance as at the end of the period/year	3,046,592	860,593

13. FINANCIAL INSTRUMENTS

13.1 Financial instruments other than interest bearing

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Derivative financial liabilities		
Derivative financial instruments at fair value (note 13.3)	-	173,663
Other financial liabilities carried at amortized cost, other than interest bearing loans		
Trade payables	4,206,782	4,115,266
Accruals and other liabilities	20,464,381	18,421,750
Refundable deposits from customers	1,911,034	1,910,357
Total other financial liabilities carried at amortized cost, other than interest bearing loans	26,582,197	24,447,373

13.2 Interest bearing liabilities

Classification of borrowings as appearing on the interim condensed consolidated statement of financial position as of March 31, 2024 is as follows:

	Short term loans (Unaudited)	Long term loans (Unaudited)	Sukuks (Unaudited)	Total (Unaudited)
Non-current	-	71,645,590	35,177,187	106,822,777
Current	7,916,000	2,966,000	5,625,000	16,507,000
	7,916,000	74,611,590	40,802,187	123,329,777

Classification of borrowings as appearing on the consolidated statement of financial position as of December 31, 2023 is as follows:

	Short term loans (Audited)	Long term loans (Audited)	Sukuks (Audited)	Total (Audited)
Non-current	-	60,637,794	24,366,949	85,004,743
Current	8,915,653	2,907,948	13,125,000	24,948,601
	8,915,653	63,545,742	37,491,949	109,953,344

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13. FINANCIAL INSTRUMENTS (CONTINUED)

13.2 Interest bearing liabilities (continued)

Movements in borrowings during the year / period are as follows:

	Short term loans	Long term loans	Sukuks	Total
As at January 1, 2023 – Audited	9,411,576	56,700,935	33,741,520	99,854,031
Proceeds from borrowings	8,068,208	14,503,702	7,501,000	30,072,910
Repayments of borrowings	(8,564,131)	(7,747,105)	(3,750,750)	(20,061,986)
Net charge to deferred costs	-	88,210	179	88,389
As at December 31, 2023 – Audited	8,915,653	63,545,742	37,491,949	109,953,344
Proceeds from borrowings	2,125,592	11,972,235	10,804,286	24,902,113
Repayments of borrowings	(3,125,245)	(814,064)	(7,500,800)	(11,440,109)
Net charge to deferred costs	-	(92,323)	6,752	(85,571)
As at March 31, 2024 – Unaudited	7,916,000	74,611,590	40,802,187	123,329,777

13.2.1 Long term loans

The following are the long term bank loans for the Saudi Electricity Company:

	Loan currency	Maturity date	Principal amount	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Domestic Bank 2	SR	2025	5,000,000	767,200	767,200
Domestic Bank 6	SR	2026	3,500,000	2,493,750	2,493,750
Domestic Bank 8	SR	2026	15,200,000	14,136,000	14,288,000
Domestic Bank 9	SR	2029	2,850,000	2,552,500	2,830,000
Domestic Bank 10	SR	2027	9,000,000	8,640,000	8,730,000
Domestic Bank 11	SR	2032	1,500,000	1,485,000	1,485,000
Local Syndicated Loan 12	SR	2030	10,000,000	10,000,000	10,000,000
Domestic Bank 13	SR	2036	1,600,000	902,824	902,824
Domestic Bank 14	SR	2030	3,000,000	3,000,000	3,000,000
International Bank 2	USD	2024	3,709,125	-	41,976
International syndicated loan 3	USD	2026	5,251,120	1,311,940	1,311,940
International syndicated loan 4	USD	2028	7,240,715	2,830,718	2,877,050
International syndicated loan 6	USD	2029	3,375,585	1,546,110	1,686,739
International syndicated loan 7	USD	2029	1,575,336	721,853	787,480
International syndicated loan 9	USD	2033	4,500,000	1,408,928	1,256,379
International syndicated loan 10	USD	2027	11,265,874	11,265,874	11,265,874
International syndicated loan 11 (a)	USD	2028	11,251,425	11,251,425	-
International syndicated loan 12 (b)	USD	2033	776,250	568,261	-
			100,595,430	74,882,383	63,724,212
Less: current portion of long term bank loans			-	(2,966,000)	(2,907,948)
Less: unamortized portion of the prepaid fees			-	(270,793)	(178,470)
Non-current portion of long term bank loans			-	71,645,590	60,637,794

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13. FINANCIAL INSTRUMENTS (CONTINUED)

13.2 Interest bearing liabilities (continued)

13.2.1 Long term loans (continued)

- (a) On 9 Rabi-Al-Thani 1445H corresponding to October 24, 2023, the Saudi Electricity Company signed International Syndicated Facility agreement amounting to USD 3 billion to finance the Company's expansion plans and capital investments in the electricity industry. As at March 31, 2024, the Company has utilised USD 3 billion from this facility agreement.
- (b) On 1 Shaban 1444H corresponding to February 21, 2023, the Company entered into a credit facilities agreement with the International Banks amounting to USD 207 million (SR 776 million) for 12 years. As at March 31, 2024, the Company has utilised SR 568 million from this facility agreement.

13.2.2 Short term bank loans

The following are short-term bank loans for the Saudi Electricity Company:

	Loan currency	Principal amount	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Domestic revolving bank loan 1	SR	3,000,000	2,500,000	3,000,000
Domestic revolving bank loan 2	SR	2,000,000	1,000,000	-
International syndicated loan 4	USD	9,665,625	4,416,000	5,915,653
Total short-term bank loans		14,665,625	7,916,000	8,915,653

13.2.3 Sukuk

Local Sukuk

The outstanding Sukuk as at March 31, 2024 are as follows:

Issue	Date of issue	Par value	Total issued amount	Maturity date
Sukuk 4	January 30, 2014	SR 1 million	SR 4.5 billion	2054

The Sukuk have been issued at par value with no discount or premium. The Sukuk bears a rate of return at SIBOR plus a margin payable quarterly from the net income received from the Sukuk assets held by the Sukuk custodian "Electricity Sukuk Company", a wholly owned subsidiary of the Company. During the period, this was repaid fully at par.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

13.2 Interest bearing liabilities (continued)

13.2.3 Sukuk (continued)

Global Sukuk

1. During April 2013, the Group also issued a global Sukuk amounting SR 7.5 billion equivalent to (US\$ 2 billion at par). The issuance consists of two types of Sukuk certificates. The first type amounting to SR 3.75 billion (US\$ 1 billion) matures after 10 years with a fixed rate of 3.473%. The second type amounting to SR 3.75 billion (US\$ 1 billion) matures after 30 years with a fixed rate of 5.06%.

Further during April 2023, the Group repaid 10 year tranche of international sukuk issued in 2013 amounting SR 3.75 billion (US \$ 1 billion).

2. During April 2014, the Group also issued a global Sukuk amounting to SR 9.4 billion equivalent to (US\$ 2.5 billion at par). The issuance consists of two types of Sukuk certificates. The first with a value of SR 5.6 billion (US \$ 1.5 billion), matures after 10 years with a fixed interest rate of 4% and the second with a value of 3.75 billion Saudi Riyals (US \$ 1 billion) is due after 30 years with a fixed rate of 5.5%. The Group has classified SR 5.6 billion sukuk as current sukuk as at March 31, 2024.
3. During September 2018 the Group also issued a global Sukuk amounting to SR 7.5 billion equivalent to (US\$ 2 billion at par). The issuance consists of two tranches of Sukuk certificates. The first tranche with a value of SR 3 billion (US \$ 800 million), 5.3 years tenure with a fixed interest rate of 4.222% per annum and the second tranches with a value of SR 4.5 billion Saudi Riyals (US \$ 1.2 billion), 10 years tenure with a fixed rate of 4.723% per annum. Further during January 2024, the Group repaid 5.3 year tranche of international sukuk issued in 2018 amounting SR 3 billion (US \$ 0.8 billion).
4. During September 2020, the Group issued an international green Sukuk amounting to SR 4.87 billion (US\$1.3 billion at par). The issuance consists of two tranches of Sukuk certificates. The first one with value of SR 2.43 billion (US\$ 650 million) maturing after 5 years tenure with a fixed rate 1.74% and the second one with a value SR 2.43 billion (US\$ 650 million) maturing after 10 years tenure with fixed rate 2.413%.
5. During April 2023, the Group issued an international Sukuk amounting to SR 7.5 billion (US\$ 2 billion at par). The issuance consists of two types of Sukuk certificates. The first one, issued in green format, with value of SR 4.5 billion (US\$ 1.2 billion) maturing after 10 years tenure with a fixed rate 4.63% and the second one with a value SR 3 billion (US\$ 800 million) maturing after 30 years tenure with fixed rate 5.68%.

Further during March 2024, did a subsequent Tap issuance under an existing Sukuk issuance amounting to SR 750 million (US\$ 200 million) maturing in 2053. Additionally, during March 2024, the Group issued another Tap Sukuks under an existing Sukuk series amounting to SR 1.875 billion (US\$ 0.5 billion) maturing in 2053. Both Taps are fungible with the original Sukuks issued.

6. During February 2024, the Group issued an international Sukuk amounting to SR 8.25 billion (US\$ 2.2 billion at par). The issuance consists of two types of Sukuk certificates. The first one with value of SR 3 billion (US\$ 0.8 billion) maturing after 5 years tenure with a fixed rate 4.942% and the second one with a value SR 5.25 billion (US\$ 1.4 billion) maturing after 10 years tenure with fixed rate 5.194%.

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13. FINANCIAL INSTRUMENTS (CONTINUED)

13.3 Derivative financial instruments

The Group has interest rate hedging contracts with multiple banks with notional amount of SR 13.25 billion as of March 31, 2024 (December 31, 2023: SR 13.25 billion).

The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period/year, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are not indicative of market risk nor of the Group's exposure to credit risk, which is generally limited to the fair value of the derivatives.

All derivatives as at March 31, 2024 are classified as cash flow hedges. Derivatives are classified as non-current or current assets and as non-current or current liabilities, depending on the expiration date of the financial instruments.

The fair values of the derivative financial instruments are summarised in the table below:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Derivative financial instruments assets:		
Interest rate swap		
Non-current	219,473	150,374
Derivative financial instruments liabilities:		
Interest rate swap		
Non-current (note 13.1)	-	173,663

14. ACCRUALS AND OTHER PAYABLES

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accrued expense (note 23)	15,283,856	12,319,182
Other credit balances under settlement	1,702,128	1,702,128
Accrued interest expenses	1,566,513	1,689,843
Accrued government fees	830,912	830,421
Accrued employees' benefits	542,076	1,344,056
Dividends payable	496,584	498,806
Others	42,312	37,314
	20,464,381	18,421,750

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15. CONTINGENT AND CONTRACTUAL LIABILITIES

Contingent liabilities

- a) A committee has been formed represented by various stakeholders, who will study contingent liabilities and give their recommendations to the Ministerial Committee, the most important of which are the following on March 31, 2024:
- Outstanding dispute between the Group and Saudi Arabian Oil Company (Saudi Aramco-Shareholder) in relation to supply of light oil instead of heavy oil by Saudi Arabian Oil Company to one of the station. According to the Group's assessment, the cumulative difference amounted to SR 2.6 billion has not been recorded in the Group's liabilities, and the Group does not expect that the dispute will result in any additional commitments.
 - According to Council of Ministers resolution No. 216 dated January 16, 2018 whereby an agreement has been signed with Saudi Aramco regarding the recognition of handling fees as of June 1, 2018, the total disputed amount from the beginning of the Company's incorporation on April 5, 2000 until May 30, 2018 amounted to SR 6.1 billion. The Group does not expect that the dispute will result in any additional commitments.
- b) There are some claims filed by one of the contractors against the Company. These are currently in the arbitral procedures, based on the amendment claims filed, the contractor is claiming an approximate amount of SR 1.5 billion. However, the Company has also filed counter claims against the Contractor amounting to SR 6 billion with the same arbitrator. Management currently believes that there is no basis for recording any obligation and that the Company's position is strong to date according to the supporting documents available to the Company.
- c) The Group has provided guarantees to some commercial banks and some other parties with a total amount SR 258 million as at March 31, 2024 (December 31, 2023: SR 91 million).

Contractual liabilities

The Group has signed contracts to supply all the energy produced from the Group's generation units to the Saudi Energy Procurement Company for a specific long-term period, and these contracts are irrevocable.

16. CAPITAL COMMITMENT

The capital commitments at the date of the interim condensed consolidated statement of financial position comprises of unexecuted portion of capital contracts conducted by the Group for the development and installation of power plants and other assets amounting to SR 94 billion as of March 31, 2024 (December 31, 2023: SR 68 billion).

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17. ZAKAT

The Group submitted its zakat returns within the statutory period for the year ended on December 31, 2023.

The Company received a letter of amendment of declarations from the Zakat, Tax and Customs Authority on April 29, 2021 for the declarations for the years from 2015 to 2018 amounting to SR 730 million. On February 26, 2024, the decision of the competent tax committee was received in favor of the Company as final assessment for the mentioned years. As a result of that, the Company reversed the additional provision that had been made in previous years for these assessments.

18. OPERATING REVENUE

	For the three months period ended	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Electricity sales	11,439,190	10,813,273
Meter reading, maintenance and bills preparation tariff	377,130	366,856
Electricity connection tariff	689,271	643,368
Transmission revenue	385,001	509,993
Other operating revenue*	2,430,384	1,045,717
Construction revenue	537,514	-
	15,858,490	13,379,207

*Other operating revenue includes an amount of SR 2.14 billion, which represents the difference between required revenue and actual revenue based on management's best estimate for the period ending on March 31, 2024 (March 31, 2023: SR 650 million).

19. COST OF REVENUE

	For the three months period ended	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Fuel	16,464	10,158
Purchased power (note 19.1)	4,545,822	3,449,978
Operations and maintenance	3,804,665	3,564,537
Depreciation of property, plant and equipment	4,807,136	4,586,050
Construction cost	501,847	-
Depreciation of right-of-use assets	42,108	8,703
	13,718,042	11,619,426

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19. COST OF REVENUE (CONTINUED)

19.1 Purchased power

	For the three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Purchased power	8,250,889	6,846,172
Less: Power supplied to SPPC under Energy Conversion Agreement	(3,705,067)	(3,396,194)
	4,545,822	3,449,978

20. OTHER INCOME

	For the three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Amortisation of Government grants	38,121	33,217
Gain on disposal of property, plant and equipment	122,195	-
Dividend received	13,633	-
Net income and other expenses	96,161	287,507
	270,110	320,724

21. FINANCE COSTS, NET

	For the three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Finance expense		
Bank loans	2,186,906	1,467,248
Lease contract	2,302	203
Less: Interest capitalised (note 9)	(979,413)	(278,465)
	1,209,795	1,188,986
Interest cost on employees' benefit obligation	82,180	67,649
Total finance expense	1,291,975	1,256,635
Finance income		
Interest income	(156,629)	(19,154)
Total finance income	(156,629)	(19,154)
Net finance costs	1,135,346	1,237,481

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22. (LOSS)/EARNING PER SHARE

Basic (loss)/earnings per share is calculated by dividing the (loss)/ profit attributable to equity holders of the Company less Mudaraba instrument profit by the weighted average number of ordinary shares in issue during the period assuming that all dilutive shares are converted into ordinary shares.

The diluted earnings per share equal to the basic earnings per share for the period ended March 31, 2024 and March 31, 2023 as there are no financial instruments with a dilutive effect on basic earnings per share.

	For the three months period ended	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Profit for the period	897,180	479,742
Less:		
Profit attributable to Mudaraba Instrument	(2,185,999)	(1,889,106)
Adjusted loss for the period	(1,288,819)	(1,409,364)
Weighted average number of ordinary shares at the period end <i>(in thousands)</i>	4,166,594	4,166,594
Basic and diluted loss per share		
“Saudi Riyals”	(0.31)	(0.34)
<u>Earning per share without deducting dividends for the Mudaraba instrument</u>		
Basic and diluted earnings per share		
“Saudi Riyals”	0.22	0.12

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23. RELATED PARTY TRANSACTIONS AND BALANCES

The Group is ultimately controlled by the Government of the Kingdom of Saudi Arabia through the ownership of the main shareholder (Public Investment Fund), Saudi Aramco and the General Corporation for Desalination of Saline Water Conversion Corporation and these entities are under common control (all companies ultimately controlled by the Government of the Kingdom of Saudi Arabia) in addition to the independent power producer companies.

The following transactions were carried out with related parties:

		For the three months period ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
a) Operating revenue			
Sales of electricity			
- Group's ultimate controlling party		2,238,170	1,910,758
- Entities under control of the Group's ultimate controlling party			
Saudi Power Procurement Company		3,705,067	3,396,194
Saudi Aramco		52,482	70,181
Saline Water Conversion Corporation		107,350	159,834
		6,103,069	5,536,967
Construction revenue			
- Entities under control of the Group's ultimate controlling party			
Saudi Aramco		6,805	-
		6,109,874	5,536,967
		For the three months period ended	
		March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
b) Purchases of energy			
- Entities under control of the Group's ultimate controlling party			
Saudi Power Procurement Company		8,197,221	6,767,520
		8,197,221	6,767,520

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23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

c) Period/year end balances arising from transactions with related parties:

Receivable from sale of electricity, net

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Group's ultimate controlling party -Electricity receivables, Governmental receivables	6,907,317	6,444,187
- Entities under the control of the Group's ultimate controlling party		
Saudi Power Procurement Company	3,639,554	2,688,458
Saudi Aramco	248,424	221,319
Saline Water Conversion Corporation	350,137	547,159
	11,145,432	9,901,123

Loans and advances

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
- Joint ventures and associates		
Al-Fadhli Co-production- loans	232,613	232,613
Global Data Center Company - loans	83,111	76,986
Sidra One Holding Company - loans	300,446	68,630
Qudra One Holding Company - loans	300,446	68,630
- Entities under control of the Group's ultimate controlling party		
Saudi Power Procurement Company	4,679,513	-
	5,596,129	446,859

Prepayments and other receivables

Included in the prepayments and other receivables an amount of SR 2.1 billion on account of required revenue.

Contract balances

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
- Entities under the control of the Group's ultimate controlling party		
Saudi Aramco – contract assets	-	248,679
Saudi Aramco – contract liabilities	27,536	-

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23. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

c) Period/year end balances arising from transactions with related parties: (continued)

Trade payables and accruals

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
- Entities under control of the Group's ultimate controlling party		
Saline Water Conversion Corporation	118	118
Government payable expenses	830,912	830,421
Saudi Power Procurement Company	3,694,604	30,371
Saudi Aramco	138,087	137,652
	4,663,721	998,562

Deferred government grant

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Group's ultimate controlling party		
Ministry of Communication and Information Technology (MCIT)	1,218,524	1,256,645
	1,218,524	1,256,645

d) Compensation of key management personnel

Key management personal includes the Board of Directors and members of executive committee. The compensation paid or payable to key management personal for employees services is shown below:

	For the three months period ended March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Salaries, compensation and allowances	4,450	3,423
Employees' end of service and other benefits	19,411	11,850
	23,861	15,273

24. DIVIDENDS

The General Assembly of the Company, in its meeting held on 27 Shawaal 1444H, corresponding to May 17, 2023, approved the distribution of cash dividends for the year 2022 to the shareholders of the Company amounting to SR 2.9 billion at SR 0.70 per share, representing 7% of the par value of the share (2022: SR 2.9 billion).

The Board of Directors of the Saudi Electricity Company recommended, in its meeting held on 24 Sha'ban 1445H, corresponding to March 5, 2024, to the Company's general assembly of shareholders to pay cash dividends for the financial year 2023 to the shareholders of the Company and their equivalent with an amount of SR 2.9 billion at SR 0.70 per share, representing 7% of the par value of the share.

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25. NON-CASH TRANSACTIONS

The statement of cash flows has been affected by the impact of non-cash transactions as follows:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Addition in right of use assets	67,882	-
Lease liabilities recognized	67,882	-

26. SUBSEQUENT EVENTS

- On 7 Shawwal 1445H corresponding to April 16, 2024, the shareholders of the Company in the 10th Extraordinary General Assembly Meeting approved the transferring the balance of the statutory reserve and general reserve to retained earnings.
- On 20 Shawwal, 1445H corresponding to April 29, 2024, the Company has received a letter from His Highness the Minister of Energy, Chairman of the Ministerial Committee for Restructuring the Electricity Sector and the Saudi Electricity Company, stating that a decision was issued to approve the weighted regulatory return on the cost of capital on the Company's regulated asset base at a rate of 6.65% for the period. The current regulatory period starting from 2024 - 2026, compared to 6% for the previous regulatory period from 2021 - 2023. The said revision of WACC has resulted in the change of profit margin of Mudaraba Instrument at the rate 5.15% (effective from January 1, 2024).
- On 28 Shawwal, 1445H corresponding to May 7, 2024, the Company signed a financing agreement with the Saudi National Bank amounting to USD 1 billion Bilateral Murabaha Loan for a period of five years, and the option to extend for an additional two years.

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the three-months period ended March 31, 2024, were approved for issuance by the Board of Directors of the Group on 1 Dhul Qadah 1445H (corresponding to May 9, 2024).