SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saudi Electricity Company (the "Company") and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Expected credit loss allowances for other than government and semi government receivables Accounts Receivable from other than government and semi government customers amounted to SR 10.7 billion, against which an allowance for expected credit losses ("ECL") of SR 2.9 billion was recorded. The audit of the allowance for ECL for other than government and semi government receivables is considered to be a key audit matter because of its size and the significance and complexity of the estimates, assumptions and judgments used in the computation. The allowance for ECL model is also more complex due to the large number of customers which have been segmented into groups with similar risk profiles. The Group applied the simplified approach as per IFRS 9 to calculate lifetime ECL provisions, through the use of a flow rate provision matrix (i.e., practical expedient), on other than government and semi government receivables which do not contain a significant financing component. Estimates, assumptions, and judgements used in the ECL model for determining the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"), include, but are not limited to: • Determination of appropriate segmentation. • Determination of collective versus individual assessment. • Determination of the historical loss rates. • Determination of an appropriate period over which historical loss rates are observed. • Developing and incorporating forward looking assumptions, macroeconomic factors and the associated scenarios and expected probability weightages. • Determination of an appropriate "definition of default" and "ultimate loss point". • Manual overrides and proxies used by management, if any. The Group engaged an external expert to assess the ECL model including a review and update of the methodology, assumptions and macro-economic factors. Refer to notes 5, 16 and 45 in the consolidated financial statements for more details relating to this matter.	We performed the following audit procedures, inter alia, to address the key audit matter: • We obtained an understanding of the process used by management to determine the allowance for ECL for other than government and semi government receivables, including the methodology used, key assumptions, key inputs and key controls and any significant changes from the prior year. • We assessed the relevant controls over the calculation of the allowance for ECL for other than government and semi government receivables to determine if they had been appropriately designed and implemented. • We assessed the accuracy and completeness of the input data, used in the ECL model. • We utilized our internal experts to assess the ECL model and methodology against the requirements of IFRS 9 and industry best practice. • We assessed the skills, capability, independence, and objectivity of the party used to perform an independent review and update of the ECL model and reviewed their terms of engagement with the Group to determine if the scope of their work was sufficient for audit purposes. • We considered the results of the abovementioned review and update in assessing the allowance for ECL. • We reperformed the mathematical accuracy of the ECL model. • We agreed the results of the output of the ECL model to the amounts and disclosures presented in the consolidated financial statements. • We performed our own independent computation of the allowance for ECL based on industry comparable assumptions and compared the output to the amount determined by management. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Required Revenue and other operational revenue The Group has determined a required revenue of SR 82 billion and has recognized revenue from regulatory activities of SR 70 billion during the year. As a result the Group has also recognized other operational revenue inclusive of SR 12 billion for the year 2024 which represents the difference between the actual revenue from regulated activities and the required revenue. The determination of required revenue is subject to the Revenue Requirement Determination Methodology ("RRDM") which is stipulated by the Saudi Electricity Regulatory Authority ("SERA"). The determination of required revenue and consequently recognition and measurement of other operational revenue is considered to be a key audit matter due to the significant judgements, estimations and assumptions applied by management in interpreting the requirements of SERA as detailed above. Accordingly, the computation of the required revenue and consequently the other operational revenue for the year ended December 31, 2024 is considered to be a key audit matter. Refer to notes 5 and 38 in the consolidated financial statements for more details relating to this matter.	We performed the following audit procedures, inter alia, to address the key audit matter: • We obtained an understanding of the revenue business process, including the determination of required revenue through the Required Revenue Determination Methodology and the relevant controls in this process. We also obtained an understanding of the process of computing the required revenue. This included the methodology used, key judgements, assumptions, key inputs and relevant controls. • We assessed the relevant controls to determine if they had been appropriately designed and implemented. • We determined if the inputs used to determine the amount of required revenue to be earned was in accordance with the requirements of the framework of RRDM or other relevant guidance or communications from SERA. • We agreed the inputs referred to above to the accounting records and other relevant sources of information. • We reperformed the calculation of required revenue and other operational revenue and agreed the results of the calculation to the amount presented in the consolidated financial statements. • We performed detailed testing of individual transactions, on a sample basis, by agreeing the amounts of those transaction to the underlying billed and unbilled data. • We assessed the disclosure in the consolidated financial statements relating to this matter against the requirements of IFRSs.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

Deloitte and Touche & Co.
Chartered Accountants

Abdulrahman S Al Suwaiygh
Certified Public Accountant
License No. 461

Ramadan 12, 1446
March 12, 2025

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment, net	8	**500,297,029**	460,951,523
Intangible assets, net	9	**209,414**	288,882
Right-of-use assets, net	10.1	**577,429**	370,377
Investment properties	11	**461,960**	462,372
Equity accounted investees	12	**4,786,884**	4,696,923
Financial assets at amortised cost	13	**18,133**	18,807
Financial assets through other comprehensive income	14	**230,119**	250,645
Derivative financial instruments	30.3	**202,377**	150,374
Loans and advances - Non-current	17	**954,663**	-
Total non-current assets		**507,738,008**	467,189,903
Current assets			
Inventories, net	15	**3,865,380**	3,609,490
Accounts Receivable, net	16	**22,597,679**	23,472,078
Loans and advances - Current	17	**7,906,473**	3,799,411
Contract assets	34	**347,934**	248,679
Prepayments and other receivables, net	18	**2,927,282**	1,847,705
Cash and cash equivalents	19	**1,631,656**	621,552
Total current assets		**39,276,404**	33,598,915
TOTAL ASSETS		**547,014,412**	500,788,818
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**41,665,938**	41,665,938
Statutory reserve	22	**-**	7,105,975
General reserve	22	**-**	702,343
Other reserves		**(118,964)**	109,636
Contractual reserve - Mudaraba instrument	22, 23	**984,901**	860,593
Retained earnings		**40,919,268**	37,952,664
Total equity before Mudaraba Instrument (1)		**83,451,143**	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)	22, 23	**167,920,563**	167,920,563
Total equity (1+2)		**251,371,706**	256,317,712
LIABILITIES			
Non-current liabilities			
Long term loans	30.2.1	**89,468,867**	60,637,794
Long term sukuk	30.2.3	**32,713,096**	24,366,949
Employees' benefits obligation	24	**9,637,319**	9,280,894
Non-current portion of deferred revenue	25	**74,999,729**	72,257,165
Advances from subscribers	31	**20,237,065**	18,733,439
Deferred government grants	26	**1,111,954**	1,256,645
Derivative financial instruments	30.3	**-**	173,663
Non-current portion of lease liabilities	10.2	**394,441**	286,961
Total non-current liabilities		**228,562,471**	186,993,510

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	**2024**	2023
Current liabilities			
Short term loans and facilities	30.2.2	**16,631,416**	8,915,653
Current portion of long term loans	30.2.1	**2,994,586**	2,907,948
Current portion of sukuk	30.2.3	**2,437,500**	13,125,000
Trade payables	27	**11,291,979**	4,115,266
Accruals and other payables	28	**24,533,266**	18,421,750
Provision for other liabilities and charges	29	**406,771**	1,175,113
Refundable deposits from customers	30.1	**1,911,702**	1,910,357
Current portion of deferred revenue	25	**2,917,674**	2,748,577
Contract liabilities	34	**3,785,231**	4,080,670
Current portion of lease liabilities	10.2	**170,110**	77,262
Total current liabilities		**67,080,235**	57,477,596
Total liabilities		**295,642,706**	244,471,106
TOTAL EQUITY AND LIABILITIES		**547,014,412**	500,788,818

Executive Vice President, Finance and Chief Financial Officer	Acting Chief Executive Officer	Chairman of the Board
Abdulaziz bin Abdulrahman AlMuhaiza	Khalid Salim Al-Ghamdi	Najem Abdullah Alzaid

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	2024	2023
Operating revenue	38	**88,665,641**	75,329,673
Cost of revenue	39	**(71,179,368)**	(59,808,297)
Gross profit		**17,486,273**	15,521,376
Other income, net	40	**1,330,427**	46,496
Reversal of impairment losses on financial assets	16,18	**235,085**	149,868
Fuel settlement expense	41	**(5,687,333)**	-
General and administrative expenses	42	**(1,594,536)**	(1,552,099)
Operating profit for the year		**11,769,916**	14,165,641
Finance income		**193,311**	310,260
Finance expense		**(5,042,921)**	(3,961,294)
Finance costs, net	43	**(4,849,610)**	(3,651,034)
Share of profit on equity accounted investees	12	**134,063**	83,673
Profit for the year before zakat		**7,054,369**	10,598,280
Zakat expenses	32.1	**(187,426)**	(348,981)
Profit for the year		**6,866,943**	10,249,299
Earning per share (express in SR per share)			
Basic and diluted earnings per share without deducting dividends for the Mudaraba instrument	36	**1.65**	2.46
Basic and diluted earnings per share after deducting dividends for the Mudaraba instrument	36	**(0.46)**	0.62

Executive Vice President, Finance and Chief Financial Officer	Acting Chief Executive Officer	Chairman of the Board
Abdulaziz bin Abdulrahman AlMuhaiza	Khalid Salim Al-Ghamdi	Najem Abdullah Alzaid

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Notes	2024	2023
Profit for the year		**6,866,943**	10,249,299
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to consolidated profit or loss:			
Derivative financial instruments at fair value- effective portion		**250,721**	5,791
Share of derivative financial instruments on equity account investees		**(59,357)**	54,252
Total items that may be reclassified subsequently to consolidated statement of profit or loss		**191,364**	60,043
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Re-measurement of employees' benefits obligation	24.1	**(399,438)**	(355,672)
Fair value loss on investments in equity instruments designated as at FVTOCI	45.3	**(20,526)**	(108,690)
Total items that will not be reclassified subsequently to consolidated statement of profit or loss		**(419,964)**	(464,362)
Other comprehensive loss for the year		**(228,600)**	(404,319)
Total comprehensive income for the year		**6,638,343**	9,844,980

Executive Vice President, Finance and Chief Financial Officer	Acting Chief Executive Officer	Chairman of the Board
Abdulaziz bin Abdulrahman AlMuhaiza	Khalid Salim Al-Ghamdi	Najem Abdullah Alzaid

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

				Other reserves								
	Share capital	Statutory reserve	General reserve	Fair value of derivatives	Employees' benefits obligation	Financial assets at FVOCI	Total other reserves	Contractual reserve for Mudaraba Instrument	Retained earnings	Total equity before Mudaraba instrument (1)	Mudaraba instrument (2)	Total equity (1+2)
Balance as at January 1, 2023	41,665,938	7,105,975	702,343	95,969	331,281	86,705	513,955	860,593	38,281,357	89,130,161	167,920,563	257,050,724
Profit for the year	-	-	-	-	-	-	-	-	10,249,299	10,249,299	-	10,249,299
Other comprehensive loss	-	-	-	60,043	(355,672)	(108,690)	(404,319)	-	-	(404,319)	-	(404,319)
Total comprehensive income	-	-	-	60,043	(355,672)	(108,690)	(404,319)	-	10,249,299	9,844,980	-	9,844,980
Transfer to contractual reserve for Mudaraba instrument (note 22, 23)	-	-	-	-	-	-	-	7,661,376	(7,661,376)	-	-	-
Paid from the contractual reserve (note 22)	-	-	-	-	-	-	-	(7,661,376)	-	(7,661,376)	-	(7,661,376)
Dividend to shareholders (note 21)	-	-	-	-	-	-	-	-	(2,916,616)	(2,916,616)	-	(2,916,616)
Balance as at December 31, 2023	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
Balance as at January 1, 2024	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 year	-	-	-	-	-	-	-	-	**6,866,943**	**6,866,943**	-	**6,866,943**
Other comprehensive loss	-	-	-	**191,364**	**(399,438)**	**(20,526)**	**(228,600)**	-	-	**(228,600)**	-	**(228,600)**
Total comprehensive income	-	-	-	**191,364**	**(399,438)**	**(20,526)**	**(228,600)**	-	**6,866,943**	**6,638,343**	-	**6,638,343**
Transfer to contractual reserve for Mudaraba instrument (note 22, 23)	-	-	-	-	-	-	-	**8,792,041**	**(8,792,041)**	-	-	-
Paid from the contractual reserve (note 22)	-	-	-	-	-	-	-	**(8,667,733)**	-	**(8,667,733)**	-	**(8,667,733)**
Transfer from statutory and general reserve (note 22)	-	**(7,105,975)**	**(702,343)**	-	-	-	-	-	**7,808,318**	-	-	-
-Dividend to shareholders (note 21)	-	-	-	-	-	-	-	-	**(2,916,616)**	**(2,916,616)**	-	**(2,916,616)**
Balance as at December 31, 2024	**41,665,938**	-	-	**347,376**	**(423,829)**	**(42,511)**	**(118,964)**	**984,901**	**40,919,268**	**83,451,143**	**167,920,563**	**251,371,706**

Executive Vice President, Finance and Chief Financial Officer

Abdulaziz bin Abdulrahman AlMuhaiza

Acting Chief Executive Officer

Khalid Salim Al-Ghamdi

Chairman of the Board

Najem Abdullah Alzaid

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before zakat		**7,054,369**	10,598,280
Adjustments for:			
Depreciation of property, plant and equipment	8	**20,536,662**	18,856,236
Depreciation of right-of-use assets	10.1	**146,123**	42,159
Depreciation of investment properties	11	**3,199**	2,895
Amortisation of intangible assets	9	**79,468**	70,193
Finance costs, net	43	**5,042,921**	3,961,294
Finance income	43	**(193,311)**	(310,260)
Employees' benefits obligation	24	**868,699**	2,000,875
Provision reversal for slow-moving and obsolete inventories, net	15	**(167,720)**	(144,146)
Provision reversal for other receivables and accounts receivables, net		**(235,085)**	(149,868)
Share of profit on equity accounted investees	12	**(134,063)**	(83,673)
Amortisation of deferred government grant	26	**(144,691)**	(142,069)
Gain on disposal of property, plant and equipment, net	40	**(9,537)**	(103,544)
Derivative financial instrument reserve reclassified		**-**	337,088
Cashflows after adjustment of non-cash transactions		**32,847,034**	34,935,460
Changes in operating assets and liabilities:			
Inventories, net		**(294,589)**	(87,793)
Accounts Receivables, net		**1,308,101**	1,481,033
Prepayments and other receivables		**(1,278,194)**	919,330
Loans and advances		**(4,226,058)**	(2,622,063)
Contract assets		**(99,255)**	(248,679)
Trade payables		**7,176,713**	926,582
Accruals and other payables		**973,582**	(7,351,948)
Provision for other liabilities and charges, net		**(608,233)**	(208,193)
Refundable deposits from customers		**1,345**	(89,044)
Contract liability		**(295,439)**	-
Advances from subscribers and contract liabilities		**1,503,626**	3,483,069
Deferred revenue		**2,911,661**	3,603,376
Cash generated from operations		**39,920,294**	34,741,130
Employees' benefits obligation paid	24	**(1,256,076)**	(1,650,334)
Zakat paid	29 & 32	**(347,535)**	(471,946)
Net cash generated from operating activities		**38,316,683**	32,618,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8	**(55,132,833)**	(32,435,533)
Proceeds from sale of property, plant and equipment		**216,830**	261,942
Disinvestment	12	**2**	-
Additional investment in equity accounted investees	12	**(97,011)**	(108,568)
Dividend received from investments	12	**81,754**	76,282
Proceeds from financial assets at amortised cost		**674**	9,721
Finance income receipt		**193,311**	310,260
Loan to associate and Joint Ventures		**(835,667)**	-
Net cash used in investing activities		**(55,572,940)**	(31,885,896)

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements.

SAUDI ELECTRICITY COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	**2024**	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans	30.2.1	**56,208,109**	22,571,910
Proceeds from issuance of sukuks	30.2.3	**10,801,950**	7,501,000
Repayments of loans	30.2.1	**(19,574,635)**	(16,223,026)
Repayments of Sukuk	30.2.3	**(13,143,303)**	(3,750,571)
Payment from contractual reserve for Mudaraba instrument	22	**(8,667,733)**	(7,661,376)
Payment for lease liabilities	10	**(176,348)**	(43,981)
Dividends paid	21	**(2,921,128)**	(2,875,740)
Net finance costs paid		**(4,260,551)**	(2,792,442)
Net cash (used)/generated in/from financing activities		**18,266,361**	(3,274,226)
Net change in cash and cash equivalents		**1,010,104**	(2,541,272)
Cash and cash equivalents at the beginning of the year		**621,552**	3,162,824
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**1,631,656**	621,552

Executive Vice President, Finance and Chief Financial Officer	Acting Chief Executive Officer	Chairman of the Board
Abdulaziz bin Abdulrahman AlMuhaiza	Khalid Salim Al-Ghamdi	Najem Abdullah Alzaid

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements.

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 (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 "Saudi Electricity Regulatory Authority" (SERA) 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'I, 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.

1. CORPORATE INFORMATION (CONTINUED)

On 29 of Rabi'I, 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. This was 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 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 Group including 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.

1. CORPORATE INFORMATION (CONTINUED)

The subsidiaries are listed below:

Subsidiary	Country of incorporation	Ownership in ordinary shares % December 31, 2024	Ownership in ordinary shares % December 31, 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 - 1	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
Dawiyat Digital Information Technology Company	Kingdom of Saudi Arabia	100	100	Wireless telecommunication services
Dawiyat Company for Data Centers	Kingdom of Saudi Arabia	100	100	Building, operating, and leasing data centres
Ettijahat Real Estate Company (business not commenced)	Kingdom of Saudi Arabia	100	-	Developing, managing, leasing, buying and selling lands and real estate
United Infrastructure Power Company (business not commenced)	Kingdom of Saudi Arabia	100	-	Developing infrastructure of power project
Ettijahat Advanced for Power, Holding Company (business not commenced)	Kingdom of Saudi Arabia	100	-	Investing and leasing in real estate and fund Investment for subsidiaries

National Grid S.A. Company

The National Grid S.A. Company (NGS) is a limited liability company registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010306123 dated 29 Rabi Thani 1432H, (corresponding to April 3, 2011). NGS is wholly owned by Saudi Electricity Company. NGS is engaged in electricity transmission activities including operating, controlling and maintenance of the electricity transmission system and leasing of transmission line capacity.

NGS was formed as a part of the Company's plan to split its main activities into separate companies pursuant to the Board of Directors resolution no. 1/81/2008 dated 25 Dhul Hijjah 1429H (corresponding to December 23, 2008) and resolution no. 1/86/2009 dated 7 Jumada Al Awal 1430H corresponding to May 3, 2009. Accordingly, the Company's Board of Directors agreed on January 1, 2012 to transfer all of the Saudi Electricity Company transmission activity's assets and liabilities to NGS at their net book value as of January 1, 2012.

1. CORPORATE INFORMATION (CONTINUED)

Dawiyat Telecommunication Company
Dawiyat Telecommunication Company ('DTC') is a limited liability company established in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010277672 dated 25 Dhul-Hijjah 1430H (corresponding to December 12, 2009), in accordance with its articles of association dated 23 Jumad Thani 1430H (corresponding to June 16, 2009), and is wholly owned by Saudi Electricity Company.

On 25 Rajab 1437H (corresponding to May 2, 2016), DTC obtained license no. 37-20-001 to provide type (B) services from the Telecommunication and Information Technology Authority. The license period is for 10 Years that ends on 24/7/1447H (corresponding to January 13, 2026). DTC obtained a license from the Communications and Information Technology Commission to provide rental services for communications facilities.

On November 15, 2022, the Shareholder's General Assembly issued a decision to reduce the capital of DTC to become one million Saudi riyals, in addition to reducing the statutory reserve to become SR 0.3 million. A decision was also issued to distribute dividends to the Saudi Electricity Company in the amount of SR 46 million and the related statutory procedures have been completed during 2023.

DTC's main activity is the construction, leasing, managing and operating of electric and fibre optics networks to provide telecommunication services.

Electricity Sukuk Company
Electricity Sukuk Company ('ESC') is a limited liability company established in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010233775 dated 16 Jumad Awal 1428H (corresponding to 2 June 2007), ESC is wholly owned by Saudi Electricity Company.

The principal activity of ESC is to provide support services required with respect to Sukuks issued by the Holding Company, its subsidiaries and other related companies, after obtaining the required approvals from relevant authorities.

ESC was incorporated to act as a trustee of special assets (Sukuk assets) according to the agreements of transferring the Sukuk assets between ESC (as a trustee or custodian), the Company (as issuer) and SABB for financial instruments (as agent for the sukuk holders). During the year, Sukuk 4 has been fully paid off, and the Company no longer acts as a trustee. Consequently, the Parent Company - Saudi Electricity Company, has decided to cease operations of the ESC subsequent to the year end. (note 48)

Saudi Electricity for Projects Development Company
Saudi Electricity for Projects Development Company ('SEPDC') is a single shareholder Limited Liability Company incorporated in Riyadh, Kingdom of Saudi Arabia and registered under the Commercial Registration No. 1010435331 on 12 Ramadan 1436H (corresponding to 29th June 2015), and is wholly-owned by Saudi Electricity Company. The company's activity is to manage construction projects, develop detailed designs, purchase materials, and execute projects in the energy sector.

Saudi Electricity Global Sukuk Company – 1
Saudi Electricity Global Sukuk Company ('SEGSC') was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support for the issuance of international bonds and Sukuks. The Group dissolved the company subsequently. (note 48)

Saudi Electricity Global Sukuk Company – 2
Saudi Electricity Global Sukuk Company – 2 was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support in the issuance of international bonds and Sukuks.

1. CORPORATE INFORMATION (CONTINUED)

Saudi Electricity Global Sukuk Company – 3
Saudi Electricity Global Sukuk Company – 3 was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support in the issuance of international bonds and Sukuks.

Saudi Electricity Global Sukuk Company – 4
Saudi Electricity Global Sukuk Company – 4 was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support in the issuance of international bonds and Sukuks.

Saudi Electricity Global Sukuk Company – 5
Saudi Electricity Global Sukuk Company – 5 was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support in the issuance of international bonds and Sukuks.

Saudi Electricity Company for the International Sukuk Program
Saudi Electricity Company for the International Sukuk Program was established in the Cayman Islands as a limited liability company. The company was established to provide the necessary services and support in the issuance of international bonds and Sukuks.

Solutions Valley Company
Solutions Valley Company ('SVC') is a limited liability company established in Riyadh, Kingdom of Saudi Arabia under Commercial Registration No. 1010830030 dated 3 Rabi' Awal 1444 AH (corresponding to September 29, 2022) is wholly owned by the Saudi Electricity Company. The main activity is the purchase and sale of electrical system services, repair and maintenance of electrical transformers, equipment, distribution and control devices.

Dawiyat Integrated Company for Telecommunications and Information Technology
Dawiyat Integrated Company for Telecommunications and Information Technology ('DICTIT') is a limited liability company established in Kingdom of Saudi Arabia, Riyadh under the company's Memorandum of Association on 23 Duhl Qida 1439 (corresponding to August 5, 2018) with Commercial Registration No 1010455797 and is fully owned by the Saudi Electricity Company.

DICTIT obtained license from the Communications and Information Technology Commission to provide wholesale services for the infrastructure.

The Saudi Energy Production Company
The Saudi Energy Production Company ('SEPC') is a limited liability company established in Riyadh, Kingdom of Saudi Arabia, under Commercial Registration No. 1010656214, dated 3 Safar 1442 (corresponding to September 20, 2021), is wholly owned by the Saudi Electricity Company. The main activity is electrical power generation, water purification and water desalination.

Dawiyat Digital Company for Information Technology
Dawiyat Digital Information Technology Company ('DDITC') is a single shareholder limited liability company registered on 2 Rabi' al-Awwal 1445H (corresponding to September 17, 2023) under Commercial Registration Number 1010921536. The company's main activities to provide wireless telecommunications activities.

1. CORPORATE INFORMATION (CONTINUED)

Dawiyat Data Centers Company
Dawiyat Data Centers Company ('DDCC') is a limited liability company established in Kingdom of Saudi Arabia, Riyadh under the company's articles of association on 6 Jumada Al-Akirah 1445 (corresponding to December 19, 2023) with Commercial Registration No 1010963473 and is fully owned by the Saudi Electricity Company. DDCC's main activities are the computing expertise, managing computing facilities, preparation of data hosting sites on network and the associated activities.

Ettijahat Real Estate Company
Ettijahat Real Estate Company is a single shareholder Limited liability company incorporated in Riyadh, Kingdom of Saudi Arabia and registered under the Commercial Registration No. 1009200624 on 21 Shaban 1446H (corresponding to February 20, 2025), and is wholly-owned by Saudi Electricity Company, with a capital of SR 5 million. The main activity is developing, managing, leasing, buying and selling lands and real estate.

United Infrastructure Power Company
United Infrastructure Power Company is a single shareholder limited liability company incorporated in Riyadh, Kingdom of Saudi Arabia and registered under the Commercial Registration No. 1009102058 on 16 Rabi-ul-Awal 1446H (corresponding to September 19, 2024), and is wholly-owned by the Saudi Electricity Company, with capital of SR 10,000. The primary activities include managing operations, providing financial support, investing in funds, owning real estate and movable property, and owning and leasing industrial property for subsidiaries.

Ettijahat Advanced for Power, Holding Company
Ettijahat Advanced for Power, Holding Company is a single shareholder Limited Liability Company incorporated in Riyadh, Kingdom of Saudi Arabia and registered under the Commercial Registration No. 1009166125 on 30 Jumada Al-Akirah 1446H (corresponding to December 31, 2024), and is wholly-owned by Saudi Electricity Company, with a capital of SR 10,000. The main activity is investment in Investing and leasing in real estate and fund Investment for subsidiaries.

These consolidated financial statements include Group's share in joint ventures as below:

		Ownership in ordinary shares %	
Joint Ventures	**Country of incorporation**	**December 31, 2024**	December 31, 2023
Hajr for Electricity Production Company	Kingdom of Saudi Arabia	**50**	50
Rabigh Electricity Company	Kingdom of Saudi Arabia	**20**	20
Al Mourjan for Electricity Production Company	Kingdom of Saudi Arabia	**50**	50
Dhuruma Electricity 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**	25
Sidra One Holding company	Kingdom of Saudi Arabia	**40**	50
Qudra One Holding company	Kingdom of Saudi Arabia	**40**	50
Saudi Greek Interconnection Societe Anonyme	Kingdom of Saudi Arabia	**50**	-
Remal First Holding Company	Kingdom of Saudi Arabia	**35**	-
Naseem First Holding Company	Kingdom of Saudi Arabia	**35**	-
Hajr One Holding Company	Kingdom of Saudi Arabia	**40**	-
Al Mourjan Two Holding Company	Kingdom of Saudi Arabia	**40**	-

1. CORPORATE INFORMATION (CONTINUED)

Hajr for Electricity Production Company
Pursuant to the Board of Directors' Resolution No. 4/95/2010 dated 12 Ramadan 1431H (corresponding to August 22, 2010), the Group established Hajr for Electricity Production Company ('HEPC') (a closed joint stock company) with a share capital of SR 2 million. During 2011, a new shareholder was admitted and the capital was increased by SR 8 million to SR 10 million, fully paid, resulting in the Group's share changing to 50%. Furthermore, during 2015, the Group contributed additional capital to HEPC amounting to SR 1,248 million. The additional contribution of capital was achieved by converting a loan previously granted by the Group, increasing the Group's share in HEPC's equity to SR 1,253 million. During the year 2022, the HEPC reduced its share capital amounting to SR 0.35 million, decreasing the Group Share in HEPC's equity to SR 1,078 million.

Rabigh Electricity Company
Pursuant to the Board of Directors' Resolution No. 06/76/2008 dated 26 Jumad Awal 1429H corresponding to June 3, 2008, the Group established Rabigh Electricity Company ('REC') (a closed joint stock company) with a share capital of SR 2 million. During 2009, REC increased its capital from SR 2 million to SR 10 million by admitting a new shareholder and the Group's share changed to 20% of the total shareholder's equity.

During 2013, as per a shareholder's agreement, the Group contributed additional capital to REC amounting to SR 183 million by converting SR loan previously granted by the Group, increasing the Group's share in Rabigh Electricity Company's equity to SR 185 million.

Dhuruma Electricity Company
Pursuant to the Board of Directors' Resolution No. 4/88/2009 dated 18th Ramadan 1430H corresponding to September 8, 2009, the Group established Dhuruma Electricity Company ('DEC') (a closed joint stock company) with a share capital of SR 2 million. During 2011, a new shareholder was admitted and the capital was increased by SR 2 million to SR 4 million. The Group's share represents 50% of the investee's share capital

Al Mourjan for Electricity Production Company
The Group established Al Mourjan for Electricity Production Company ('AMEPC') (a closed joint stock company) with a share capital of SR 2 million. During 2013, a new shareholder was admitted and the capital was increased to SR 10 million. The Group's share represents 50% of the investee's share capital.

Global Data Hub Company
Dawiyat Telecommunication Company established its Global Data Hub Company ('GDC') on September 11, 2018 (50% ownership) in the Kingdom of Saudi Arabia. Its main activity is the extension of networks, extension and installation of computer networks, communications, operating systems, computer consultancy and computer facilities management services and information technology. The necessary licenses have been finalised and is being treated as a joint venture and accounted in the same way as equity investments.

Electric Vehicle Infrastructure Company
Pursuant to the Board of Directors' Resolution No. 01/223/2023 dated 24th Dhul-Qi'dah 1444H (corresponding to June 13, 2023), the group purchased 25% of the shares of the Electric Vehicle infrastructure company ('EVIQ') for a total value of SR 245 million.

Saudi Greek Interconnection Societe Anonyme
The Group has established, a jointly controlled special purpose vehicle (SPV), Saudi Greek Interconnection Societe Anonyme ('Saudi Greek Interconnection S.A.' ("SGI")) (limited liability company). The SGI's share capital amounts to EUR 500,000 and owned 50% by Independent Power Transmission Operator (IPTO) and 50% by the Group. SGI's objective is to carry out the comprehensive commercial viability study (including any partial studies) of the electricity interconnection between Greece and the Kingdom of Saudi Arabia through a high-voltage direct-current "HVDC" cables.

1. CORPORATE INFORMATION (CONTINUED)

Sidra One Holding Company
Based on Board of Directors Resolution No. 01/61/2024, dated 18 Rabi' al-Thani 1445H (corresponding to November 2, 2023), the Group established Sidra One Holding Company ('SOHC') (limited liability company). The Group's share amounted to SR 4,000 represents 40% of the share capital and total share capital of the SOHC amounts to SR 10,000. The main activity of the SOHC is the generation of power.

Qudra One Holding Company
Based on Board of Directors Resolution No. 01/61/2024 dated 18 Rabi' al-Thani 1445H (corresponding to November 2, 2023), the Group established Qudra One Holding Company ('QOHC') (limited liability company). The Group's share amounted to SR 4,000 represents 40% of the share capital and total share capital of the QOHC amounts to SR 10,000. The main activity of the QOHC is the generation of power.

Remal First Holding Company & Naseem First Holding Company
The Group along with Oasis Power One Conventional Energy and Water Company and the Korea Electric Power Corporation established two joint ventures (Remal First Holding Company & Naseem First Holding Company) in Riyadh, Kingdom of Saudi Arabia registered under the Commercial Registration No. 1009096063 & 1009096064, respectively on 7 Rabi-ul-Awal 1446H (corresponding to September 10, 2024). The main activity of both companies is management of Holding Companies' subsidiaries and investing their funds.

Hajr One Holding Company & Al Mourjan Two Holding Company
The Group along with Oasis Power One Conventional Energy and Water Company and Haji Abdullah Alireza and Company limited established two joint ventures (Hajr One Holding Company & Al Mourjan Two Holding Company) in Riyadh, Kingdom of Saudi Arabia registered under the Commercial Registration No. 1009071130 & 1009071130, respectively on 10 Muharram 1446H (corresponding to July 16, 2024). The main activity of both companies is management of Holding Companies' investment and investing their funds.

These consolidated financial statements include Group's share in associates as below:

		Ownership in ordinary shares %	
Associates	**Country of incorporation**	**December 31, 2024**	December 31, 2023
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**	30
Al Fadhly Co-Generation Company	Kingdom of Saudi Arabia	**30**	30
Green Saudi Company for Carbon Services	Kingdom of Saudi Arabia	**51**	51

Gulf Cooperation Council Inter-Connection Authority
The company has participated in the capital of the electrical interconnection of the GCC countries in order to enhance the utilization of the transmission and distribution of electric power among the member countries. The total value of participation at the date of incorporation was US $ 484.8 million, equivalent to SR 1.8 billion.

1. CORPORATE INFORMATION (CONTINUED)

Gulf Laboratory Company for Testing Electrical Equipment

Based on Ministerial Resolution No. (38 / S) dated 10 Safar, 1437 H (corresponding to November 10, 2016), the Gulf Laboratory Company for Testing Electrical Equipment ('GLC') (a closed joint stock company) was established with an authorized capital of SR 360 million, the SEC's share amounted to 25% in the company's share capital, and the founders paid an amount of SR 90 million, and the SEC's share amounted to SR 22.5 million, which was paid in full as on December 31, 2016. During 2017, the entire capital of the company was paid to become SR 360 million, and the SEC's paid share of the capital amounts to SR 90 million as on December 31, 2017. During the year 2020, the GLC's capital was increased to SR 613 million, and the paid-up share of the SEC was SR 153 million, as on December 31, 2020. During the year 2023, the Group had further invested SR 105 million to increase its holding from 25% to 30%.

GLC is principally engaged in the repair and maintenance of power transmission or distribution electrical transformers and specialized electrical transformers, type, quality and product testing and approval, laboratories of electrical, electronical, mechanical and metal products, laboratories of measurement, calibration and verification of conformity, calibration of devices, equipment and materials used in manufacturing and production.

Al Fadhly Co-Generation Company

Pursuant to the Board of Directors' resolution no. 5/143/2016 dated 17th Dhul-Hijjah 1437 H (corresponding to September 20, 2016), Al Fadhly Co-Generation Company ('AFGC'), a limited liability company was established for dual production with a share capital of SR 1.5 million. The Group's share represents 30% of the share capital. Net book value of investment represents net paid capital after deducting pre operating expenses. The main activity of the company is the production of electric power, steam, distilled water and conductive water.

Green Saudi Company for Carbon Services

The Company participated with Petroleum, Chemicals and Mining limited company (PCMC) in the establishment of Green Saudi Company for Carbon Services ('GSC') which is a limited liability company with a capital of SR 1 million. The Company's share amounted to SR 510K represents 51% of the share capital of the GSC. The main activity of the entity is developing and managing the carbon emission reduction systems and programs, the clean development mechanism projects in accordance with international and regional protocols. Subsequent to the year end the Board of Directors approved the sale of the SEC's share. (note 48)

2. BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("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.

Basis of measurements and presentation
These consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the 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 consolidated financial statements are presented in Saudi Riyals (SR), which is the functional currency of the Group. These consolidated financial statements have been rounded-off to nearest SR thousand, unless otherwise stated.

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

New and revised IFRSs applied with no material impact on the consolidated financial statements
In the current year, the Group has applied the below amendments to IFRS Standards and interpretations issued by the International Accounting Standards Board (IASB) that are effective for an period that begins on or after January 1, 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	Summary
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.
IFRS 17 Insurance Contracts and its amendments	Amendments require insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. These Amendments to IFRS 17 also address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.
Non-current Liabilities with Covenants (Amendments to IAS 1)	The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONTINUTED)

New and revised IFRSs issued but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Lack of Exchangeability (Amendments to IAS 21) The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	January 1, 2025
Amendments to the SASB standards to enhance their international applicability. The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	January 1, 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.	January 1, 2026
IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards.	January 1, 2027
IFRS 18 Presentation and Disclosure in Financial Statements IFRS 18 sets out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements	January 1, 2027

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies are set out below:

Basis of consolidation

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses controls of the investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. If the Group retains any share in the former subsidiary, that interest is measured at fair value on the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is recognized in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Basis of consolidation (continued)
The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Investment in associates and joint ventures
An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Foreign currency transaction
Foreign currencies are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates at the dates of the initial transactions.

Foreign exchange differences resulting from the translation of deferred cash flow hedges are recognised to the extent that the hedge is effective in the other comprehensive income.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and cash in current accounts with banks and other short-term high-liquidity investments with original maturities of three months or less (if any) available to the Group without any restrictions.

Capital spares
Spare parts are recognized under Property, Plant and Equipment as capital spares when they meet the following criteria:
- It is expected that the spare part will be used during more than one accounting period. These first criteria, related to the operational estimated life of the items, must be persistently satisfied regardless the rest of the criteria listed below; and
- The spare part unit cost is greater than SR 5K; or
- Spare part must be vital to the continued operation of the facility and therefore need to be available for use in advance of periodic scheduled maintenance, or in emergency breakdown situations. and
- Spare part, on its own, would have no use (becomes redundant) if the associated equipment (asset) is retired or disposed.

If the criteria for classifying the item as capital spare have been met, the item has to be classified as either general capital spare or critical spare. The classification effects the depreciation methodology of the item. The following criteria are considered for determining the appropriate classification:
- If the capital spare is bought in advance due to planned replacement schedules and overhaul (in line with manufacturer's prescribed maintenance program) to replace an existing major spare part unit that is in operation, then capital spare is considered a "general capital spare''.
- If the capital spare is not used for overhaul purpose (criteria mentioned above), an assessment should be made to check if the capital spare is an insurance spare that will only be used in case of emergencies. If this is the case, then the capital spare is considered to be a "critical spare". A critical spare is deemed to always be available for use as it needs to be ready to be put in service at any point when an identical item stops working in order to ensure efficient and uninterrupted generation, transmission and distribution of electricity.
- A capital spare that is not used for an overhaul purpose and is not on stand-by or used in emergencies must be considered as "general capital spare''.

The depreciation for capital spares items commence immediately upon purchase over the lesser of its useful life and the remaining expected useful life of the asset to which it is associated. For general capital spares, the item is expected to be used as a replacement part at a future point in time. The depreciation for general capital spares items commence when installed as a replacement part and is depreciated over the lesser of its useful life and the remaining expected useful life of the asset to which it is associated.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Property, plant and equipment

Property, plant and equipment (except land and projects under construction) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Land and projects under construction are carried at cost less any losses resulting from the accumulated impairment in value, if any. The cost includes all amounts necessary to bring the asset to the present condition and location to be ready for its intended use by the management, with an appropriate portion of overheads which are directly linked to the capital work performed. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects (qualifying assets), if the recognition criteria are met, and costs incurred during the commissioning period.

When parts of property, plant and equipment are significant in cost in comparison to the total cost of the item, and where such parts/ components have a useful life different from the other parts and required to be replaced at different intervals, the Group shall recognise such parts as individual components of the asset with specific useful lives and depreciate them accordingly. Likewise, when a major overhaul (planned or unplanned) is performed, its directly attributable cost is recognised in the carrying amount of property, plant and equipment if the recognition criteria are satisfied. The useful life of a major overhaul is generally equal to the period up to the next scheduled overhaul. The carrying amount of the replaced part is derecognised. If the next major overhaul occurs prior to the planned date, any existing net book value of the previous major overhaul is expensed immediately. All other repair and maintenance costs are recognised in the consolidated statement of profit or loss as incurred.

Depreciation is calculated from the date the item of property, plant and equipment is available for its intended use or in respect of self-constructed assets from the date such property, plant and equipment are completed and ready for the intended use. Depreciation on assets is calculated on a straight-line basis over the useful life of the asset as follows which had been updated in 2022:

Buildings	10 – 45 years
Machinery and equipment	5 – 40 years
Transmission and distribution network	5 – 50 years
Capital spare parts	10 – 25 years
Vehicles and heavy equipment	5 – 10 years
Others	5 – 30 years

Land and projects under construction are not considered for depreciation. The property, plant and equipment' residual values, useful lives and methods of depreciation are reviewed, and adjusted prospectively if appropriate, at the end of each year.

An item of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of retired, sold or otherwise derecognised property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset, and are recognised within ''Other Income, net'' in the consolidated statement of profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Investment properties

Investment properties are lands and building held for purposes other than using it in Group's operating activities. The Group holds investment properties for rental income and/or capital appreciation purposes. Investment properties are measured in accordance with the cost model and depreciation is calculated on straight line basis over the useful life of 45 years.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Investment properties (continued)

Investment properties are derecognized when they are sold or when they become occupied by the owner or if they are not held to increase their value.

Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as lessee (continued)

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).

- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use of assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for an identified impairment loss as described in the 'Impairment of non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Leases (continued)

The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease' if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

At the initial measurement of the finance lease contracts: The lessor shall use the interest rate implicit in the lease to measure the net investment in the lease.

At the commencement date, the lease payments included in the measurement of the net investment in the lease comprise the following payments for the right to use the underlying asset during the lease term that are not received at the commencement date:

- Fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate;
- Any residual value guarantees provided to the Group by the lessee, a party related to the lessee or a third party unrelated to the Group that is financially capable of discharging the obligations under the guarantee; and
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

At subsequent measurement, the Group shall recognize finance income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in lease.

At the initial measurement of the operating lease contracts: The Group recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis. The Group applies another systematic basis if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

At the subsequent measurement, the Group applies IAS 36 to determine whether an underlying asset subject to an operating lease is impaired and to account for any impairment loss identified.

When the Group is an intermediate lessor, it accounts for it interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies the exemption, the sublease shall be classified as an operating lease.

If an arrangement contains a lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of the "other income".

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Intangible assets

Intangible assets acquired separately are measured at cost upon initial recognition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset. Amortisation of intangible assets is calculated on a straight-line basis over the useful life of the asset as follows:

Software	10 years
Right-of-use pipeline	20 years

The useful life of an intangible asset with a definite life is reviewed regularly to determine whether there is any indication that its current life assessment continues to be supportable. If not, the change in the useful life assessment is made on a prospective basis. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that the intangible asset may be impaired either individually or at the aggregated cash generating unit level.

Gains or losses arising from derecognising an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. For the purpose of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Group of assets (cash generating unit, "CGU"). Non-financial assets other than goodwill that have been fully or partially impaired are reviewed for possible reversal of all or part of the impairment loss at the end of each reporting period.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Impairment of non-financial assets (continued)
Intangible assets that have an indefinite useful life are not subject to amortisation and are instead tested annually for impairment. Assets subject to amortisation/depreciation are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Financial instruments

Financial assets and financial liabilities are recognized in the statement of financial position, when the Group becomes party to the contractual provision of the instrument.

Financial assets

Recognition and initial measurement of financial assets
A financial asset is initially measured (unless it is a trade receivable without a significant financing component) at fair value plus transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets
Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost or fair value through other comprehensive income (debt investment and equity investments) or fair value through profit or loss.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets at amortised cost
Financial assets are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Any gain or loss on de-recognition of investment is recognized in consolidated statement of profit or loss.

Financial assets at fair value through profit or loss
These assets are subsequently measured at fair value through profit or loss. Net gains and losses, including any interest or dividend income, are recognised in the consolidated statement of profit or loss. As at December 31, 2024, the Group does not have any of these assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets at fair value through other comprehensive income
Financial assets are measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income or at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Debt investments are subsequently measured at fair value through other comprehensive income. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the consolidated statement of profit or loss. As at December 31, 2024, the Group does not have any of these assets.

Equity investments are subsequently measured at fair value through other comprehensive income. Dividends are recognised as income in the income statement. Any gain or loss on de-recognition or impairment of the investment is recognised in equity and will not be allowed to reclassify to the consolidated statement of profit or loss.

Accounts Receivable
Accounts Receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are measured at amortised cost applying the effective interest method. Other financial assets include Loans due form related parties, contract assets, other receivables and cash and bank balances are also measured on the same basis as accounts receivable.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Effective interest method
The effective interest method is a method of calculating the amortized cost of a debt instrument/financial liability and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

De-recognition of financial assets
The Group derecognises a financial asset mainly (or derecognize part of the financial asset or part of similar financial assets) when:
- the contractual rights to the cash flows from the financial asset expire; or
- The Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- Retains all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in consolidated statement of profit or loss.

Impairment of financial assets
The group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, receivables from sale of electricity and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for accounts receivable and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For all other financial instruments, the group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including available information.

An assessment is made as to whether the credit risk of a financial instrument has increased substantially since its initial recognition by taking into account the change in the risk of default occurring over the remaining life of the financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group believes that the credit risk on the financial instrument has not increased significantly since initial recognition if the instrument is identified as having a low credit risk at the reporting date. A financial instrument with a low credit risk is identified if:
(i) the financial instrument has a low risk of default; and
(ii) the borrower has a strong ability to meet its contractual cash commitments in the near term.
(iii) adverse changes in long-term economic and trade conditions, but not necessarily, and a reduction in the borrower's ability to meet contractual cash flow obligations.

(ii) Definition of default
The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:
• When there is a breach of financial covenants by the debtor
• Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group)

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default (continued)
Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 270 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investment at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future recoveries of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties

(iv) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the borrower in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

Provisions for losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value at other comprehensive income, the loss allowance is recognized in other comprehensive income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and a equity instrument.

Financial liabilities
The Group classifies non-derivative primary liabilities in the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

After initial recognition, the Group measures financial liabilities (other than financial liabilities which are measured at fair value through profit or loss) at amortised cost. Amortised cost is the amount at which the debt was measured at initial recognition minus repayments, plus interest calculated using the effective interest method. The adjustments are calculated using the effective interest method. The difference between the proceeds (net of transaction cost) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the loan or borrowing.

Loans, sukuks and government loans is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Equity instruments
The Group classifies a financial instrument as an equity instrument according to the content of the agreements entered and the definition of the equity instrument. An equity instrument is any contract that proves the existence of a residual share in the assets of the entities, according to the relevant agreements, and does not include any liability to deliver cash or other financial assets to another entity.

The equity instrument is initially recognised at fair value, and differences between the face value and the current value are recognised in equity.

All related distributions are recognised in the consolidated statement of changes in equity under retained earnings.

Financial instruments that an entity classifies as equity instruments are not remeasured. Neither profit or loss nor equity will be affected by the equity price risk of those instruments. Accordingly, no sensitivity analysis is required.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity (continued)

Offsetting financial assets and liabilities
Financial assets and financial liabilities are offset, and the net amount is presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liability simultaneously.

Derivative financial instruments and hedging activities
The group enters into a variety of derivative financial instruments including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the group has both a legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

<u>Cash flow hedge</u>
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss within ‘other income / expense- net’.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Financial instruments (continued)

Derivative financial instruments and hedging activities (continued)

Cash flow hedge (continued)
Amounts accumulated in equity are reclassified to consolidated statement of profit or loss in the periods when the hedged item affects statement of profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the consolidated statement of profit or loss within 'finance income/cost'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of profit or loss within 'other income - net'.

Employees' benefits

Short-term obligations
Short-term benefits are those amounts expected to be settled wholly within 12 months of the end of the period in which the employees render the service that gives rise to the benefits. Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves and benefits-in-kind that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations under "accruals and other payables" in the consolidated statement of financial position.

Post-employment obligation
The Group provides end of service benefits to its employees in accordance with the requirements of the Saudi Arabia Labour Law. The entitlement to these benefits, is based upon actuarial techniques and the employees' basic salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are recognised over the service period.

The employee benefits obligation plans are not funded. Accordingly, valuations of the obligations under those plans are carried out by an independent actuary based on the projected unit credit method and the liability is recorded based on an actuarial valuation.

The liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognised immediately in the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Employees' benefits (continued)

Post-employment obligation (continued)
The interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise.

Defined contribution plan
The Group operates the defined contribution plan which is named as savings plan. The Group's contribution to the contribution plans identified as an expense is recognised in the consolidated statement of profit or loss when the related service is provided. The share of the Group will only be paid at the written request of the employee to terminate the plan or upon retirement, death or full disability of the employee in accordance with the approved regulations. The assets of the plan are accounted for in accordance with the Group's accounting policies where the liabilities and assets of the plan were offset.

Termination benefits
The Group pays termination benefits upon the termination of the employee's services before the date of normal retirement, or when the employee accepts the voluntary termination of his services. The Group recognises termination benefits at the earlier of when;

a. The Group can no longer withdraw the offer; or
b. The Group recognises restructuring costs and includes termination benefits in the event of an offer to encourage retirement, termination benefits are measured based on the number of employees expected to accept the offer. Benefits that occur more than 12 months after the end of the reporting period are discounted at their present value. The Group performs an actuarial valuation of these benefits.

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

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

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the consolidated statement of profit or loss as part of financial charges.

Government grants
Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. In the particular case the Company service to specified geographic areas is mandated. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Government grants (continued)
Government grants, including non-monetary grants at fair value are recognised provided that there is a reasonable assurance that:

- The Group will comply with the conditions attaching to them; and
- The grants will be received.

Receipt of a grant does not itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

The manner in which a grant is received does not affect the accounting method to be adopted in regard to the grant. Therefore, a grant is accounted for in the same manner whether it is received in cash or as a reduction of a liability towards the government.

The Group assesses the relationship between the grant and related expenses when it is recognised. A provision of the estimated-results obligations is provided if it seems probable to pay the grant that was recognised previously.

Government grants related to depreciable assets are recognised in the consolidated statement of profit or loss over the periods and on the basis of the percentages used to recognise the depreciation expenses of the underlying assets.

Government grants related to non-depreciable assets which require the attainment of certain obligations are recognised in the consolidated statement of profit or loss over the periods where the cost of achievement of obligations are incurred.

However, grants relating to non-depreciable assets that are unconditional of the attainment of some obligations are recognised in the consolidated statement of profit or loss at their nominal values in the same period.

The accounting treatment of below-market interest rate loans are recognised as: the difference between the nominal value of the loan and its fair value is recognised within non-current liabilities in the consolidated statement of financial position as a deferred government grant.

The government grant is recognized by the Group, which becomes payable as a compensation for expenses or losses already incurred, which represents the coverage of the gap in the actual and estimated operating income or for the purpose of providing immediate financial support to the Group without future costs related to it in the Group's consolidated statement of profit or loss. The Group assesses the relationship between the grant and related expenses upon recognition.

The grant is recognized in the consolidated statement of profit or loss even if there are no conditions specifically related to the Group's operating activities other than the requirement for the Group to operate in certain industrial regions or sectors.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Provisions (continued)
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be low.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-zakat rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognised as interest expense.

Deferred revenue
Deferred revenue relates to electricity service connection tariffs received from consumers which are deferred and recognised on a straight-line basis over the average useful lives of the equipment used in serving the consumers, estimated 35 years.

Zakat and taxes

Zakat
The Company and its subsidiaries are subject to Zakat according to the regulations of the Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia ("the Authority"). Zakat is recognised in the consolidated statement of profit or loss of the Group. Additional Zakat liabilities, calculated by the Authority, if any, relating to the prior year's zakat declaration is recognised in the year in which final declaration is issued.

Withholding tax
The Group deducts taxes on certain transactions with non-resident entities in the Kingdom of Saudi Arabia according to the Saudi Income Tax Law.

Value added tax
Expenses and assets are recognized net of the amount of value added tax ("VAT"), except:

When the VAT incurred on a purchase of assets or services is not recoverable from the ZATCA, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the ZATCA is included as part of receivables or payables in the consolidated statement of financial position.

Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the general assembly.

Statutory reserve
The Ministry of Commerce of the Kingdom of Saudi Arabia has issued new Regulations for Companies, effective January 19, 2023 with a grace period of two years for implementation. During the year, the Extraordinary General Assembly Meeting approved the amendment to the Company's Bylaws in accordance with the new Companies Law which does not require to set aside a statutory reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Statutory reserve (continued)
Previously, in accordance with the Company's Bylaws, the Company was required to transfer 10% of the net income to the statutory reserve until this reserve reached 30% of the capital.

Revenue recognition

The Group recognises the following revenues from contracts with customers:
- Revenue from sale of electricity;
- Revenue from meter reading, maintenance and preparation of bills;
- Revenue from electricity connections tariff;
- Revenue from transmission system;
- Revenue from construction contracts; and
- Other operating revenue.

The Group recognises revenue when it transfers control of a good or service to a customer either over time or at a point in time. When connecting electricity to customers, the Group provides the following services:
- Connecting the customer to the electricity grid or distribution network;
- Supply of electricity;
- The right of the customer to use the meter; and
- Maintenance of the meter.

For the purpose of recognizing revenue in accordance with IFRS 15, the above-mentioned services are not separate services or goods but (collectively referred to as "bundled services") are considered as single performance obligation for all services or goods secured by the bundled services. The details of the above revenues and the method of their recognition in accordance with IFRS 15 are as follows:

Revenue from sale of electricity
Revenue from sale of electricity is recognised in the accounting period in which the services are rendered. Revenue from sale of electricity is recognised when customers are invoiced for their electricity consumption measured in kilowatt / hours. Since electricity has no form or shape of its own, the transfer of control is evidenced when a particular bill is generated which forms the basis of consumption of the electricity for the month. There is no volume discounts or variable consideration and there is no unfulfilled obligation that could affect the acceptance of the goods and services.

The performance obligation underlying the revenue stream is not a separate performance obligation and forms part of the bundle services in form of provision of electricity to customers. The payment for such service is due after transfer of the services. Therefore, revenue is recognised at a point in time once the services are transferred to the customer and bills are issued. Electricity sales for the period not yet billed at the reporting date are recognized in the consolidated statement of profit or loss in the same period.

Where reading disputes for electricity consumption are identified, revenue is recognized when it is probable that the group will collect the consideration to which it will be entitled. In evaluating whether collectability of an amount of consideration is probable, the group considers the customer’s ability and intention to pay that amount of consideration when it is due.

Revenue from meter reading, maintenance and preparation of bills
Revenue from meter reading, maintenance and preparation of bills is recognised in the accounting period in which the services are rendered. Revenue from meter reading, maintenance and preparation of bills represents the monthly fixed tariff based on the capacity of the meter used by the consumers. For this fixed-price obligation, revenue is recognised based on the actual service provided until the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Revenue from meter reading, maintenance and preparation of bills (continued)
Revenue from meter reading, maintenance and bills preparation tariff that is not billed as at the reporting date is recognised in the consolidated statement of profit or loss.

Revenue from electricity connections tariff
Electricity service connections received from consumers is deferred and recognised on a straight-line basis over the average useful lives of the equipment used in serving the subscribers. Such connection fee is received once from a customer at the time the customer applies for electricity connection.

The electricity connection fee does not represent a separately identifiable component of the contract to provide ongoing access to the supply of electricity to the customer and it is part of the aforementioned bundle of services provided to customer. The revenue recognition policy is to recognise revenue from such electricity connection fee over the useful lives of the equipment used in serving the subscribers.

Revenue from transmission system
Revenue from transmission system comprises of fees for use of transmission networks and is recognised over the time when bills are issued to licensed co-generation and other users where it acts as principal. Revenue is measured based on the fees approved by the regulator "Saudi Electricity Regulatory Authority" (SERA) according to capacity and quantities of power transmitted.

Revenue from construction contracts
The Group constructs substations and transmission lines as well as their energization under long-term contracts with customers. Such contracts are entered into before construction of the substations and transmission lines begins. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of substations and transmission lines is therefore recognised over time on a cost plus margin method. Management consider that the input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The Group becomes entitled to invoice customers for construction of substations and transmission lines based on the contractual terms. The Group will recognise a contract asset for any work performed as per contractual terms but not yet invoiced. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost plus margin method then the Group recognises a contract liability for the difference. There is no significant financing component in construction contracts with customers because difference between the cash selling price and promised consideration (if any) will be due to non finance reasons.

Other operating revenue
Other operating revenue comprises of balancing account, operation and maintenance revenue related to lease of fibre optic cables, sale of water, oil, penalty, re-connection, disconnection charges, etc. The revenue is recognised upon satisfaction of the related performance obligation.

Required Revenue is determined by the regulator and is calculated based upon the "General Framework of Revenue Requirement Determination Methodology" as published by the regulator SERA. The difference between Allowed Required revenue and the actual regulated revenue is recorded under "Other Operational Revenues" by the group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Revenue recognition (continued)

Other operating revenue (continued)

The Group reassesses the reasonableness of balancing account revenue recognized basis the regulatory methodology and adjusts it accordingly, when required. Any difference arising from the re-assessment is adjusted to other operational revenue, and a receivable or payable is recognized for that amount. Interest income or expense on such receivable or payable balance is recognized based on the rate determined by the authority (SERA).

The Regulator reassess the Required Revenue on ex post basis based on actual performance during the subsequent years and the group adjusts its assessment accordingly.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the year, other than borrowings made specifically for the purpose of constructing a qualifying asset. The amount of borrowing costs that the Group capitalises during a period does not exceed the amount of borrowing costs it incurs during that year.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the year in which they are incurred.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognised in other comprehensive income and reclassified to profit or loss when the qualifying asset affects profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalised borrowing costs reflect the hedged interest rate.

Segments reporting

An operating segment is one of the Group components which carries out operating activities through which it can earn revenues or incur expenses (including revenues and expenses related to transactions with other components of the same Group), where its operating results are regularly reviewed by the entity's operating decision maker regarding the resources that will be allocated to the segment and to evaluate its performance and which have separate financial information available.

An operating segment may carry out activities from which it has not earned revenues yet. For example, pre-operating transactions can be considered as operating segments before they earn revenues.

Fair value

Fair value is the price that may be received against the sale of an asset or the conversion of an obligation in an organized transaction between the market participants on the measurement date. The fair value measurement is based on the assumption that the transaction for the sale of the asset or the transfer of the obligation can occur either:

- In the primary market of the asset or obligation; or
- In the absence of the primary market, in the most appropriate markets for the asset or liability.

The Group uses appropriate valuation techniques with surrounding conditions for which sufficient data are available to measure fair value, maximizing the use of appropriate inputs that can be monitored and minimizing the use of inputs that cannot be monitored to the greatest extent possible.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

Fair value (continued)
The measurement of the fair value of a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset at its maximum and best use or by selling it to another market participant who may use the asset at its maximum and best use.

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

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Evaluation techniques where the lowest entry level is important for measuring fair value directly (such as price) or indirectly (derived from price);
- Level 3 - Evaluation techniques where the lowest input level cannot be monitored is important for fair value measurement.

For assets and liabilities that are measured in the financial statements at fair value on a recurring basis, the Group determines whether transfers have been made between hierarchy levels by reassessing the classification (based on the lowest input level that is significant for the overall measurement) at the end of each reporting period.

Inventories
Inventories include material and supplies for generation, transmission and distribution business and other materials.

Inventories are initially measured at cost which comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The Group uses the weighted average cost method to value its inventories. Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the year.

Subsequent to initial recognition, inventories are to be measured at the lower of cost and net realisable value.

Net realizable value represents the estimated selling price for inventories less the costs necessary to make the sale. Any impairment loss arising as a result of bringing the inventories at their net realizable value is recognized in the profit or loss.

Contingent liabilities
A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle obligation or the amount of obligation cannot be measured with sufficient reliability. The Group do not recognise the contingent liabilities but only disclose them in the notes to the consolidated financial statements.

Earning per share
Basic earnings per share is calculated by dividing the profit for the year and the profit for the year from continuing operations related to the company's shareholders, minus the profits of the mudaraba instrument by the weighted average number of ordinary shares during the year. Diluted earnings per share is calculated by dividing the profit for the year and the profit for the year from continuing operations by the adjusted weighted average number of ordinary shares outstanding during the year assuming the conversion of all dilutive shares into ordinary shares.

5. USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Group's 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.

Aligned with the Kingdom's ambition of Net Zero emissions by 2060, we aspire to achieve the ambition of Net Zero emissions by 2050. This ambitious milestone reflects our dedication to a sustainable, low-carbon energy future. Our strategy focuses on decarbonization by integrating renewable energy projects, investing in carbon capture technology, and aligning with the Kingdom's Liquid Fuel Displacement Program and Circular Carbon Economy National Program. Prioritizing energy efficiency and leveraging digital solutions, we propel data driven sustainability, ensuring every watt generated contributes to a brighter future. Such judgments and estimates, used in the preparation of the 2024 consolidated financial statements, are consistent with Saudi Electricity Company's long-term strategy and the profile of its operations, and are subject to change as market factors, policies and regulations evolve.

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.

Use of estimates and assumptions
The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are as follows:

The following are the most important estimates used in preparing the consolidated financial statements:

Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its assets to assess whether there is an indication that those assets may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows attributable to the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account.

Provision for impairment in inventories
Inventory is stated at cost or net realizable value, whichever is lower. The amount of write-off and any reduction in inventory to the net realizable value and inventory losses is recognized as an expense in the same period in which the write-off or expense occurred. A provision (if necessary) is made for obsolete, slow moving and damaged inventories in accordance with the Group's policy.

The Group re-assesses the net realizable value in each subsequent period in accordance with the Group's policy. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed to the extent not exceed the book value before impairment.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Use of estimates and assumptions (continued)

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Useful lives of property, plant and equipment
The Group's management determines the estimated useful life of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management at least annually reviews the estimated useful lives and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefit of the assets.

Residual value
The residual value of the asset represents the estimated amount that the entity will receive from the disposal of the asset less the estimated disposal costs, if the asset is indeed of age and in the condition it is expected to be in at the end of its useful life.

Management reconsider the residual value of the asset at least at the end of each financial year, and if expectations differ from previous estimates, this is treated as a change in accounting estimate, in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates, and Errors".

Assumptions for employees' benefits obligation
Employees' benefits obligation represents obligations that will be settled in the future and require assumptions to project obligations. IAS 19 requires management to make further assumptions regarding variables such as discount rates, rate of compensation increases, mortality rates, employment turnover and future healthcare costs. The Group's management use an external actuary for performing this calculation. Changes in key assumptions can have a significant impact on the projected benefit obligation and/or periodic employees' benefits costs incurred.

Zakat
The Company and its subsidiaries are subject to the legislation of the Zakat and Customs Authority ("ZATCA"). Accrual of Zakat is recognised in the consolidated statement of profit or loss. Additional zakat and tax liabilities, calculated by Authorities, if any, related to prior years zakat declaration is recognised in the year in which final declaration is issued.

Fair value for financial instrument
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.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Use of estimates and assumptions (continued)

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

When determining the fair value of financial instrument that are not traded in an active market because there is no market that can be monitored to provide pricing information on selling assets or transferring liabilities at the measurement date, the fair value measurement assumes that the transaction takes place on that date, taken into account from the perspective of a market participant who holds the asset or owes the obligation. This assumed transaction will provide the basis for estimating price to sell the asset or transfer the 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.

Financial instruments that are measured at fair value or disclosed in the consolidated financial statements are categorized within the fair value hierarchy based on the inputs used in the valuation techniques shown as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be obtained at the measurement date.
- 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).

Accrued revenue
Accrued electricity revenue for the period that are not yet invoiced at the date of the reporting are recognized in the consolidated statement of financial position, which is calculated based on the actual consumption quantities issued within the invoices for the subsequent month and using estimates and assumptions for customers whose invoices were not issued in the month subsequently, and internal policies that depends fundamentally on management experience.

Other operating revenue
The determination and application of required revenue methodology as defined by SERA requires management to make various judgements and assumptions. These are finalized after evaluation by SERA within the timeline defined in the methodology.

Projects under progress accrual
Capital projects in progress are recognised at cost, which represents the contractual liabilities of the Group to create assets (such as construction, industrial facilities, etc.). Cost of such assets is recognised as capital projects-in-progress and represented by the value of work performed, using the same principles as the assets acquired.

Deferred Revenue
Deferred Revenue is recognized upon capitalization of related equipment based on amounts received from customers. These are amortized over 35 years based on management best estimate of the expected service life to customers.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Use of estimates and assumptions (continued)

Provision for Expected Credit Loss ('ECL') for receivables

The Group uses the simplified model using a provision matrix to measure the expected credit losses for accounts receivable from individual customers, which consist of a very large number of small balances.

Loss rates are calculated under a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, type of customer etc. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical loss rates are adjusted. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

The group has defined default period of 270 days.

During the reporting period, the Group transitioned from the general approach to the simplified approach for calculating expected credit losses (ECLs) under IFRS 9 on its accounts receivable from government and semi-government entities. This change was made in accordance with the provisions of IFRS 9 and is related to the Group's accounts receivable pertaining to government and semi-government portfolio as these do not have a significant financing component and are short-term in nature.

The simplified approach allows the Group to calculate the ECLs for these receivables using a lifetime expected credit loss model, eliminating the need to track changes in credit risk over time as required under the general approach but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

The Group has consistently followed IFRS 9, and the transition is in line with the available options permitted within the standard for calculating ECLs on accounts receivables as the government and semi-government portfolios have a maturity period of less than 12 months and they do not contain significant financing component. Under IFRS, for financial instruments for which default patterns are not concentrated at a specific point during the expected life of the financial instrument, changes in the risk of a default occurring over the next 12 months may be a reasonable approximation of the changes in the lifetime risk of a default occurring. Hence, the Group is computing the ECL for the government and semi-government portfolio using the simplified approach in the current period and will continue to do so in future periods.

The transition did not result in a significant change to the amount of provision for expected credit losses for the current period as compared to what would have been recognized under the general approach as the lifetime maturity of such receivables is assessed as less than one year. The Group's accounts receivable continues to be subject to an allowance for expected credit losses that is assessed using a lifetime expected loss model in line with the simplified approach.

The impact of this change on the financial statements is not material, and the Group has adhered to the disclosure requirements set forth in IFRS 9 to ensure transparency and provide relevant information to users of the financial statements.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Use of estimates and assumptions (continued)

Provision for Expected Credit Loss ('ECL') for receivables (continued)
For other financial assets at amortised cost, expected credit losses are calculated over 12 months, or projected credit losses over a lifetime in which the credit value has not decreased or the credit values has decreased, based on the change in the credit risk associated with the financial instrument.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The assessment of the correlation between historical loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. To measure expected credit losses, accounts receivable is grouped based on the characteristics of the joint credit risk and the days in which they are due. Historical loss rates are adjusted to reflect current and future information in accordance with indicators of macroeconomic activity that affect customers' ability to settle receivables. The Group has defined gross domestic product, current account balance and consumer price change as primary inputs for adjusting historical loss ratios according to expected changes to these factors.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Discount rate for lease contract
Management uses estimates to determine the incremental borrowing rate for calculating the present value of the minimum lease payments.

Power purchase adjustment
The Group has calculated the average Bulk Supply Tariff (BST) on the basis of the predetermined BST and the expected quantity information available at the beginning of the fiscal year from the Saudi Power Procurement Company (SPPC), and applied the average tariff to the power purchased during the year. In accordance with the Bulk Supply Agreement (BSA) from July 1, 2022, the Bulk Supply Tariff is lower during the winter seasons (January to April and October to December) and higher during the summer seasons (May to September) as determined by the Authority to influence consumption pattern. This will result in uneven average cost incurred to the Group during the fiscal year due to the different tariff structure used by SPPC to determine the bulk supply tariff in each season, the bulk supply tariff methodology will be reviewed on an ongoing basis, however the Group is obligated to purchase power on an annual basis at variable cost as a result of seasonal tariffs and any changes during seasons will be amended prospectively.

On the other hand, the tariff on which the electricity sold to the customers along with the Energy Conversion Agreement (ECA) does not have significant seasonal tariff / income, hence to be in line with the revenue recognized, the cost has been accrued or deferred accordingly to reflect the systematic and reasonable allocation of cost, resulting in a fair presentation of the consolidated financial statements.

5. USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

Use of estimates and assumptions (continued)

Use of judgements in applying the Group's significant accounting policies

Equity Accounted Investment

Associate Companies
The Group determines the significant impact on companies that it owns directly or indirectly (for example through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (for example through subsidiaries), less than 20% of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude an entity from having significant influence.

Joint Operations and Joint Venture
A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Based on the Group's control assessment, investments held in companies are classified as joint operations or joint venture. Based on management's judgement, the contractual arrangement establishes that the parties to the joint arrangement share their interests in all assets relating to the arrangement.

Impairment review of equity accounted investments
Certain equity accounted investments are independent power and water producers, which have long term contracts with the principal buyer. However, these contracts do not cover the life of those power/water plants and management assess its impairment indicators review on the assumption that these contracts will be renewed by the principal buyer based on increased continued forecasted demand.

Asset retirement obligation
The Group assesses its obligations in relation to the assets' retirement, for which the management believes it is difficult to estimate it due to the remote expectations of retiring such assets being historically subjected to continuous renewals, unavailability of reliable information, the impracticality of the assessment along with the nature of the off-taker. However, in accordance with Energy Conversion Agreement (ECA), obligation in relation to the decommissioning and deconstruction of the Generation plant and the rehabilitation of the site, if any, will be the responsibility of the Saudi Power Procurement Company (off-taker), which is ultimately owned by the government that also owns the land. Since the Company cannot determine reliably the fair value of Asset Retirement Obligation (ARO) and hence does not meet criterion 3 of IAS 37 to recognize a provision which stipulates that the provision or liability for decommissioning assets can be reliably measured.

Going concern
The Group's management conducted an assessment of the Group's ability to continue to operate in accordance with the principle of going concern and reached a conviction that the Group has sufficient resources to enable it to continue operating in the foreseeable future. Also, management is not aware of any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, these consolidated financial statements have been prepared on the going concern basis.

6. 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. These changes are reflected in the interim financial results of the Group during the year.

7. OPERATING SEGMENTS AND THE FUTURE RESTRUCTUEING 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. Almost all operations are carried out within the Kingdom.

Saudi Electricity Company's operating segments are established on the basis of those components that are evaluated regularly by the Group Chief Executive Officer, considered to be the Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker monitors the operating results of Saudi Electricity's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

Information reported to the group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the type of activity. The group's reportable segments under IFRS 8 are therefore 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.
Others	Other includes telecommunication infrastructure and wireless telecommunication services.

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 corporate, generation activities and distribution and subscribers' services. Corporate activities include primarily supporting services including Human Resources, Finance, Legal and IT not already allocated to other segments or companies.
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.

The accounting policies used by Saudi Electricity Company in reporting segments internally are the same as those described in Note 4 of the consolidated financial statements.

7. OPERATING SEGMENTS AND THE FUTURE RESTRUCTUEING OF THE GROUP'S ACTIVITIES (CONTINUED)

	Saudi Electricity Company						
December 31, 2024 (SR in million)	**Corporate**	**Generation**	**Distribution and subscribers' services**	**National Grid Company (Transmission)**	**Other subsidiaries**	**Adjustments/ Eliminations**	**Total**
Revenue							
External consumers	-	16,570	81,254	6,906	495	(16,559)	88,666
Between sectors	-	-	-	21,246	1,820	(23,066)	-
Total revenue	-	16,570	81,254	28,152	2,315	(39,625)	88,666
Purchased power	-	-	(64,235)	(3,675)	-	37,805	(30,105)
Operating and maintenance costs	(393)	(6,554)	(7,304)	(3,380)	(804)	1,820	(16,615)
Construction cost	-	-	-	(4,020)	-	-	(4,020)
Depreciation of operation and maintenance assets	-	(6,651)	(5,303)	(7,899)	(316)	-	(20,169)
Fuel	-	(125)	-	-	-	-	(125)
Depreciation of right-of-use assets	(146)	-	-	-	-	-	(146)
Gross profit	(539)	3,240	4,412	9,178	1,195	-	17,486
Other income/(expenses), net							1,330
Fuel settlement expense							(5,687)
Provision for doubtful account and other receivable							235
General and administrative expenses							(1,595)
Finance income							193
Finance expense							(5,043)
Share of profit from equity accounted investees							134
Zakat expenses							(187)
Profit for the year							6,866
As at December 31, 2024							
Property, plant and equipment, net	7,011	113,185	157,050	218,935	4,116	-	500,297
Total assets	357,074	117,359	176,456	224,375	5,295	(333,544)	547,015
Total liabilities	159,909	114,187	169,524	171,955	3,598	(323,530)	295,643

7. OPERATING SEGMENTS AND THE FUTURE RESTRUCTUEING OF THE GROUP'S ACTIVITIES (CONTINUED)

December 31, 2023 (SR in million)	Saudi Electricity Company			National Grid S.A Company (Transmission)	Other subsidiaries	Adjustments/ Eliminations	Total
	Corporate	Generation	Distribution and subscribers' services				
Revenue							
External consumers	-	15,993	69,542	5,009	767	(15,981)	75,330
Between sectors	-	-	-	20,132	-	(20,132)	-
Total revenue	-	15,993	69,542	25,141	767	(36,113)	75,330
Purchased power	-	-	(54,253)	(3,538)	-	36,161	(21,630)
Operating and maintenance costs	(182)	(6,204)	(7,353)	(3,082)	(65)	(48)	(16,934)
Construction cost	-	-	-	(2,074)	-	-	(2,074)
Depreciation of operation and maintenance assets	-	(6,298)	(4,909)	(7,523)	(276)	-	(19,006)
Fuel	-	(122)	-	-	-	-	(122)
Depreciation of right-of-use assets	(42)	-	-	-	-	-	(42)
Gross profit	(224)	3,369	3,027	8,924	426	-	15,522
Other income/(expenses), net							46
Provision for doubtful account and other receivable							150
General and administrative expenses							(1,552)
Finance income							310
Finance expense							(3,961)
Share of profit from equity accounted investees							84
Zakat expenses							(349)
Profit for the year							10,250
As at December 31, 2023							
Property, plant and equipment, net	11,572	111,876	142,289	191,445	3,770	-	460,952
Total assets	332,788	115,332	162,478	196,350	4,509	(310,667)	500,790
Total liabilities	121,337	110,451	159,840	149,769	3,726	(300,652)	244,471

8. PROPERTY, PLANT AND EQUIPMENT, NET

	Land	Buildings	Machinery and equipment	Capital spare parts	Transmission and distribution network	Vehicles and heavy equipment	Others	Construction work in progress	Total
Cost:									
At January 1, 2023	6,261,844	68,814,024	186,671,018	6,980,049	410,294,218	1,674,052	6,819,090	43,270,334	730,784,629
Additions	-	-	11,386	-	141,032	-	202,144	41,565,139	41,919,701
Transfers from work in progress	421,218	2,737,233	4,628,837	273,448	24,109,794	99,832	641,778	(32,912,140)	-
Transfer from investment properties (Note 11)	20	-	-	-	-	-	-	-	20
Transfer to investment properties (Note 11)	-	(21,208)	-	-	-	-	-	-	(21,208)
Transfer to intangible assets (Note 9)	-	-	-	-	-	-	-	(17,999)	(17,999)
Disposals	-	(121,133)	(79,530)	(37,182)	(428,566)	(15,757)	(22,795)	-	(704,963)
Reclassifications*	-	(5,600,929)	(10,023,186)	(38,243)	-	-	(115,005)	15,777,363	-
At December 31, 2023	6,683,082	65,807,987	181,208,525	7,178,072	434,116,478	1,758,127	7,525,212	67,682,697	771,960,180
Additions	**-**	**-**	**-**	**-**	**120,406**	**-**	**-**	**59,765,423**	**59,885,829**
Transfers from work in progress	**690,795**	**4,959,142**	**15,057,039**	**367,929**	**32,099,059**	**118,736**	**229,302**	**(53,522,002)**	**-**
Transfers from inventory	**-**	**-**	**-**	**206,419**	**-**	**-**	**-**	**-**	**206,419**
Transfer to investment properties (Note 11)	**(2,787)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,787)**
Disposals	**(14,625)**	**(18,599)**	**(8,849)**	**(700)**	**(532,453)**	**(4,297)**	**(10,429)**	**-**	**(589,952)**
At December 31, 2024	**7,356,465**	**70,748,530**	**196,256,715**	**7,751,720**	**465,803,490**	**1,872,566**	**7,744,085**	**73,926,118**	**831,459,689**

8. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

Accumulated depreciation	**Land**	**Buildings**	**Machinery and equipment**	**Capital spare parts**	**Transmission and distribution network**	**Vehicles and heavy equipment**	**Others**	**Construction work in progress**	**Total**
At January 1, 2023	-	28,563,542	96,016,870	3,819,690	157,748,779	1,557,182	4,995,303	-	292,701,366
Depreciation for the year	-	2,105,969	6,350,889	273,666	10,709,507	41,848	338,449	-	19,820,328
Transfer to investment properties (Note 11)	-	(2,380)	-	-	-	-	-	-	(2,380)
Disposals	-	(87,718)	(76,604)	(33,830)	(311,024)	(15,757)	(21,632)	-	(546,565)
Reclassifications*	-	(215,787)	(730,475)	(1,700)	-	-	(16,130)	-	(964,092)
At December 31, 2023	-	30,363,626	101,560,680	4,057,826	168,147,262	1,583,273	5,295,990		311,008,657
Depreciation for the year	**-**	**2,072,451**	**6,427,877**	**262,586**	**11,437,885**	**56,713**	**279,150**	**-**	**20,536,662**
Disposals	**-**	**(13,136)**	**(7,854)**	**(700)**	**(347,165)**	**(3,790)**	**(10,014)**	**-**	**(382,659)**
As at December 31, 2024	**-**	**32,422,941**	**107,980,703**	**4,319,712**	**179,237,982**	**1,636,196**	**5,565,126**	**-**	**331,162,660**
Net book value									
As at December 31, 2023	6,683,082	35,444,361	79,647,845	3,120,246	265,969,216	174,854	2,229,222	67,682,697	460,951,523
As at December 31, 2024	**7,356,465**	**38,325,589**	**88,276,012**	**3,432,008**	**286,565,508**	**236,370**	**2,178,959**	**73,926,118**	**500,297,029**

8. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

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. These lands are historically recorded in the financial statements amounted to SR 20 million.

The net book values of the Group's property, plant and equipment (other than projects in progress) is allocated to the main activities as follows:

	Generation	**Transmission**	**Distribution**	**General property**	**Total**
As at December 31, 2024					
Land	**346,542**	**5,630,865**	**281,015**	**1,098,043**	**7,356,465**
Buildings	**20,134,527**	**13,978,684**	**785,556**	**3,426,822**	**38,325,589**
Machinery and equipment	**80,722,101**	**3,430,922**	**397,102**	**3,725,887**	**88,276,012**
Capital spare parts	**2,329,725**	**834,498**	**267,785**	**-**	**3,432,008**
Transmission and distribution network	**-**	**153,778,665**	**132,786,843**	**-**	**286,565,508**
Vehicles and heavy equipment	**2,342**	**993**	**-**	**233,035**	**236,370**
Others	**593,843**	**1,295,003**	**176,029**	**114,084**	**2,178,959**
Net book value	**104,129,080**	**178,949,630**	**134,694,330**	**8,597,871**	**426,370,911**

	Generation	Transmission	Distribution	General property	Total
As at December 31, 2023					
Land	131,113	584,947	221,948	5,745,074	6,683,082
Buildings	17,285,173	14,427,802	689,124	3,042,262	35,444,361
Machinery and equipment	71,991,720	3,792,397	392,129	3,471,599	79,647,845
Capital spare parts	2,023,047	816,293	280,905	1	3,120,246
Transmission and distribution network	-	145,136,384	120,832,832	-	265,969,216
Vehicles and heavy equipment	147	1,066	-	173,641	174,854
Others	851,861	1,100,206	180,503	96,652	2,229,222
Net book value	92,283,061	165,859,095	122,597,441	12,529,229	393,268,826

8. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

CONSTRUCTIONS WORK IN PROGRESS

	Generation	Transmission	Distribution	General property	Total
At January 1, 2023	5,310,373	17,586,097	17,232,609	3,141,255	43,270,334
Additions	2,592,221	17,966,711	16,788,859	968,689	38,316,480
Transfers to intangible assets	-	-	-	(17,999)	(17,999)
Borrowing costs capitalized	1,003,086	1,133,162	1,050,000	62,411	3,248,659
Transfers from CWIP to fixed assets	(5,090,444)	(11,099,907)	(15,382,660)	(1,339,129)	(32,912,140)
Transfers from fixed assets to CWIP*	15,777,363	-	-	-	15,777,363
At December 31, 2023	19,592,599	25,586,063	19,688,808	2,815,227	67,682,697
Additions	**7,303,352**	**27,674,411**	**18,958,805**	**2,359,694**	**56,296,262**
Borrowing costs capitalized	**736,433**	**1,538,646**	**1,074,213**	**119,869**	**3,469,161**
Transfers from CWIP to fixed assets	**(18,576,750)**	**(15,464,696)**	**(17,365,798)**	**(2,114,758)**	**(53,522,002)**
As at December 31, 2024	**9,055,634**	**39,334,424**	**22,356,028**	**3,180,032**	**73,926,118**

- Additions to projects under construction include capitalized interest of SR 3.5 billion during December 31, 2024 (December 31, 2023: SR 3.2 billion). The capitalization rate for the year ended December 31, 2024 was 6.1% (December 31, 2023: 6.64%).

*During the year ended December 31, 2023, the Company had 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 was expected to be executed post successful testing which has resulted in these assets not ready for intended use. This had resulted in associated deprecation and borrowing cost charged back to these assets amounting to SR 0.964 billion and SR 1.2 billion, respectively. In 2024, these assets have been capitalized as successful testing being completed and the asset being ready for intended use.

9. INTANGIBLE ASSETS, NET

	Pipeline right-of-use	Software	Total
Cost:			
As of January 1, 2023	292,278	658,362	950,640
Transfer from construction work in progress (Note 8)	-	17,999	17,999
Adjustment during the year	32,914	2,958	35,872
Reclassified to equity accounted investees (Note 12)	-	(15,000)	(15,000)
As of December 31, 2023	325,192	664,319	989,511
As of December 31, 2024	**325,192**	**664,319**	**989,511**
Accumulated amortisation:			
As of January 1, 2023	191,888	405,634	597,522
Amortisation for the year	14,780	55,413	70,193
Adjustment during the year	32,914	2,958	35,872
Other adjustments	-	(2,958)	(2,958)
As of December 31, 2023	239,582	461,047	700,629
Amortisation for the year	**14,780**	**64,688**	**79,468**
As of December 31, 2024	**254,362**	**525,735**	**780,097**
Net Book Value:			
As of December 31, 2023	85,610	203,272	288,882
As of December 31, 2024	**70,830**	**138,584**	**209,414**

10. RIGHT OF USE ASSETS AND LEASE LIABILITIES

10.1 RIGHT-OF-USE ASSETS

	Vehicles and equipment	Land	Buildings	Total
Cost:				
As of January 1, 2023	334,856	55,481	88,798	479,135
Additions	297,911	-	24,773	322,684
De-recognized	(336,052)	(710)	(16,716)	(353,478)
As of December 31, 2023	296,715	54,771	96,855	448,341
Additions	**353,163**	**12**	**-**	**353,175**
De-recognized	**(3,210)**	**(14,853)**	**(30)**	**(18,093)**
As of December 31, 2024	**646,668**	**39,930**	**96,825**	**783,423**
Accumulated depreciation:				
As of January 1, 2023	334,853	18,081	36,349	389,283
Charge for the year	17,716	4,297	20,146	42,159
De-recognized	(336,052)	(710)	(16,716)	(353,478)
As of December 31, 2023	16,517	21,668	39,779	77,964
Charge for the year	**125,839**	**4,589**	**15,695**	**146,123**
De-recognized	**(3,210)**	**(14,853)**	**(30)**	**(18,093)**
As of December 31, 2024	**139,146**	**11,404**	**55,444**	**205,994**
Net Book Value:				
As of December 31, 2023	280,198	33,103	57,076	370,377
As of December 31, 2024	**507,522**	**28,526**	**41,381**	**577,429**

The average lease term range between 3 to 5 years (2023: 5 years).

	2024	2023
Amounts recognized in profit and loss		
Depreciation expense on right-of-use assets	**146,123**	42,159
Interest expense on lease liabilities	**24,356**	5,297

The total cash outflow for leases amount to SR 176 million (2023: SR 44 million).

10. RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

10.2 LEASE LIABILITIES

The lease liabilities are presented in the consolidated statement of financial position as follows:

	2024	2023
Current portion	**170,110**	77,262
Non-current portion	**394,441**	286,961
	564,551	364,223

The Group does not face a significant liquidity risk with regard to its lease liabilities.

There are no variable lease payments included in the measurement of the lease liability.

11. INVESTMENT PROPERTIES

	Land	**Buildings**	**Total**
Cost:			
As at January 1, 2023	331,625	128,263	459,888
Transfer (to)/from property, plant and equipment (Note 8)	(20)	21,208	21,188
As at December 31, 2023	331,605	149,471	481,076
Transfer from property, plant and equipment (Note 8)	**2,787**	**-**	**2,787**
As at December 31, 2024	**334,392**	**149,471**	**483,863**
Accumulated depreciation:			
As at January 1, 2023	-	13,429	13,429
Transfer from property, plant and equipment (Note 8)	-	2,380	2,380
Charge for the year	-	2,895	2,895
As at December 31, 2023	-	18,704	18,704
Charge for the year	**-**	**3,199**	**3,199**
As at December 31, 2024	**-**	**21,903**	**21,903**
Net Book Value:			
As at December 31, 2023	331,605	130,767	462,372
As at December 31, 2024	**334,392**	**127,568**	**461,960**

The Group's lands and buildings classified as investment properties were evaluated by an external valuer to determine the fair value of the lands as of December 31, 2024. The lands and buildings were evaluated by Barcode Valuation Company with license number 1210000001 with the Saudi Authority for Accredited Valuers. Independent valuer is not connected with the group.

The following table sets out the valuation techniques used in the determination of fair values of investment properties, as well as the key unobservable inputs used in the valuation models.

11. INVESTMENT PROPERTIES (CONTINUED)

The fair value measurement information in accordance with IFRS 13 as at December 31, 2024 which was completed during the fourth quarter in 2024 and the fair value amounted to SR 2,966 billion (2023: SR 2,493 billion). Below is the fair value measurement information;

	Significant Inputs and Evaluation Assumptions	Purpose of investment property	Evaluation method	Fair value
Fair-value measurements – Lands	Costing, capitalization and market comparison method	Rental income and maximize capital value	Level 2	2,154 million
Fair-value measurements – Buildings	Costing, capitalization and market comparison method	Rental income and maximize capital value	Level 2	812 million

Valuation techniques used to derive Level 2 fair values:

Level 2 fair values of lands have been generally derived using the sales comparison approach. Sales prices are adjusted using same properties. The most significant input into this valuation approach is price per square meter. There has been no change to the valuation technique during the year.

12. EQUITY ACCOUNTED INVESTEES

The balances related to equity accounted investments are as follows:

	2024	2023
Associates		
Gulf Cooperation Council Inter-Connection Authority	**1,415,906**	1,391,793
Gulf Laboratory Company for testing electrical equipment	**187,261**	195,948
Al Fadhly Co-Generation Company	**31,676**	49,827
Green Saudi Company for Carbon Services	**393**	116
Joint venture		
Hajr for Electricity Production Company	**1,299,936**	1,320,952
Dhuruma Electricity Company	**711,101**	667,201
Rabigh Electricity Company	**443,031**	456,215
Al Mourjan for Electricity Production Company	**586,413**	595,026
Global Data Hub Company	**14,202**	19,835
Electric Vehicle Infrastructure Company	**96,000**	-
Saudi Greek Interconnection Societe Anonyme	**957**	-
Sidra One Holding Company	**4**	5
Qudra One Holding Company	**4**	5
	4,786,884	4,696,923

12. EQUITY ACCOUNTED INVESTEES (CONTINUED)

The movement in equity investments recognized under the equity method as of December 31, 2024 is as follows:

	Balance as of January 1	Additional investment	Share in profit/ (loss)	Share in other comprehensive income/(loss)	Dividend received	Disinvestment	Balance as of December 31
Associate companies							
Gulf Cooperation Council Inter- Connection Authority (GCCIA)	**1,391,793**	**-**	**24,113**	**-**	**-**	**-**	**1,415,906**
Gulf Laboratory Company for Testing Electrical Equipment (GLC)	**195,948**	**-**	**(8,687)**	**-**	**-**	**-**	**187,261**
Al Fadhly Co-Generation Company (AFGC)	**49,827**	**-**	**(21,783)**	**3,632**	**-**	**-**	**31,676**
Green Saudi Company for Carbon Services (GSCCS)	**116**	**-**	**277**	**-**	**-**	**-**	**393**
Joint Ventures							
Hajr for Electricity Production Company (HEPC)	**1,320,952**	**-**	**23,101**	**(21,902)**	**(22,215)**	**-**	**1,299,936**
Rabigh Electricity Company (REC)	**456,215**	**-**	**16,589**	**(16,898)**	**(12,875)**	**-**	**443,031**
Dhuruma Electricity Company (DEC)	**667,201**	**-**	**86,491**	**4,073**	**(46,664)**	**-**	**711,101**
Al Mourjan for Electricity Production Company (MEPCO)	**595,026**	**-**	**19,649**	**(28,262)**	**-**	**-**	**586,413**
Global Data Hub Company (GDH) (Note 9)	**19,835**	**-**	**(5,633)**	**-**	**-**	**-**	**14,202**
Electric Vehicle Infrastructure Company	**-**	**96,000**	**-**	**-**	**-**	**-**	**96,000**
Saudi Greek Interconnection Societe Anonyme	**-**	**1,011**	**(54)**	**-**	**-**	**-**	**957**
Sidra One Holding Company (SOHC)	**5**	**-**	**-**	**-**	**-**	**(1)**	**4**
Qudra One Holding Company (QOHC)	**5**	**-**	**-**	**-**	**-**	**(1)**	**4**
Investment movement during the year 2024	**4,696,923**	**97,011**	**134,063**	**(59,357)**	**(81,754)**	**(2)**	**4,786,884**
Investment movement during the year 2023	4,623,174	120,610	83,673	(54,252)	(76,282)	-	4,696,923

12. EQUITY ACCOUNTED INVESTEES (CONTINUED)

The following table represents the most important items relating to the Group's material equity accounted investments:

For the year ended December 31, 2024	**GCCIA**	**HEPC**	**REC**	**DEC**	**MEPCO**
Current assets	**604,626**	**362,564**	**339,253**	**388,337**	**138,906**
Non-current assets	**5,000,968**	**7,923,763**	**6,435,505**	**4,497,823**	**4,790,311**
Current liabilities	**203,773**	**862,574**	**637,877**	**481,923**	**382,205**
Non-current liabilities	**921,105**	**4,900,593**	**4,148,263**	**3,130,886**	**3,374,184**
Equity	**4,480,716**	**2,523,160**	**1,988,618**	**1,273,351**	**1,172,828**
Operating income	**353,940**	**1,029,792**	**972,950**	**857,088**	**633,553**
Cost of sales	**(144,401)**	**(583,371)**	**(191,220)**	**(457,197)**	**(363,576)**
Gross profit	**209,539**	**446,421**	**781,730**	**399,891**	**269,977**
General and administrative expenses	**(167,919)**	**(164,100)**	**(328,460)**	**(11,254)**	**(29,415)**
Operating profit for the year	**41,620**	**282,321**	**453,270**	**388,637**	**240,562**
Other income, net	**3,187**	**9,948**	**10,332**	**50**	**1,530**
Finance (expense)/income	**26,108**	**(244,593)**	**(280,012)**	**(188,004)**	**(200,664)**
Profit before zakat and income tax	**70,915**	**47,676**	**183,590**	**200,683**	**41,428**
Zakat and income tax expense	**-**	**(2,933)**	**(9,536)**	**(20,990)**	**(1,021)**
Profit for the year	**70,915**	**44,743**	**174,054**	**179,693**	**40,407**

For the year ended December 31, 2023	GCCIA	HEPC	REC	DEC	MEPCO
Current assets	989,809	257,094	472,722	401,026	196,199
Non-current assets	4,121,159	8,179,108	6,963,217	4,733,032	4,940,902
Current liabilities	152,512	705,268	690,902	509,486	401,302
Non-current liabilities	555,724	5,167,041	4,704,572	3,445,285	3,545,745
Equity	4,402,732	2,563,893	2,040,465	1,179,287	1,190,054
Operating income	321,554	982,209	875,779	860,251	586,818
Cost of sales	(138,488)	(566,624)	(184,735)	(459,646)	(335,017)
Gross profit	183,066	415,585	691,044	400,605	251,801
General and administrative expenses	(165,719)	(155,423)	(221,274)	(13,635)	(60,053)
Operating profit for the year	17,347	260,162	469,770	386,970	191,748
Other income, net	3,746	(1,500)	10,742	-	2,613
Finance (expense)/income	33,751	(253,729)	(315,004)	(204,174)	(228,158)
Profit before zakat and income tax	54,844	4,933	165,508	182,796	(33,797)
Zakat and income tax expense	-	(29,466)	(17,387)	(35,562)	-
Profit/(loss) for the year	54,844	(24,533)	148,121	147,234	(33,797)

12. EQUITY ACCOUNTED INVESTEES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the equity accounted investees recognised in the consolidated financial statements:

For the year ended December 31, 2024

	GCCIA	**HEPC**	**REC**	**DEC**	**MEPCO**
Net assets	**4,480,716**	**2,523,160**	**1,988,618**	**1,273,351**	**1,172,828**
Proportion of the Group's ownership interest	**31.6%**	**50%**	**20%**	**50%**	**50%**
	1,415,906	**1,261,580**	**397,724**	**636,676**	**586,413**
Other adjustments	**-**	**38,356**	**45,307**	**74,425**	**-**
Carrying amount of the Group's interest	**1,415,906**	**1,299,936**	**443,031**	**711,101**	**586,413**

For the year ended December 31, 2023

	GCCIA	HEPC	REC	DEC	MEPCO
Net assets	4,402,732	2,563,893	2,040,465	1,179,287	1,190,054
Proportion of the Group's ownership interest	31.6%	50%	20%	50%	50%
	1,391,263	1,281,947	408,093	589,644	595,026
Other adjustments	530	39,005	48,122	77,557	-
Carrying amount of the Group's interest	1,391,793	1,320,952	456,215	667,201	595,026

All of the above associates and joint ventures are accounted for using the equity method in these consolidated financial statements as set out in the group's accounting policies Note 4.

Other equity accounted investees details are not disclosed as those investments are not material to the Group.

13. FINANCIAL ASSETS AT AMORTISED COST

	2024	2023
Sadara Company for Basic Services' Sukuk "Sadara"	**18,133**	18,133
Carbon reduction company	**-**	750
	18,133	18,883
Impairment in financial assets at amortised cost	**-**	(76)
	18,133	18,807

14. FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

	2024	2023
Shuaiba Water and Electricity Company	**74,725**	86,472
Shuqaiq Water and Electricity Company	**55,656**	60,597
Jubail Water and electricity limited Company	**85,590**	88,315
Shuaibah Expansion Holdings	**14,148**	15,261
	230,119	250,645

The dividends received in respect of these investments by the Group amounted to SR 44 million (2023: SR 48 million) which are disclosed in Note 40.

The valuation methodology for these investments in accordance with IFRS 13 is disclosed in note 45.3.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the group management have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the group's strategy of holding these investments for long-term purposes and realize their performance potential in the long run.

15. INVENTORIES, NET

	2024	2023
Material and supplies:		
Generation plants	**2,135,778**	2,409,063
Distribution network	**1,658,450**	1,691,137
Transmission network	**196,199**	215,726
Others	**495,260**	81,591
	4,485,687	4,397,517
Less: Allowance for slow-moving and obsolete inventories	**(620,307)**	(788,027)
	3,865,380	3,609,490

The permanent decrease in the value of the inventory amounted to SR 53.8 million as on December 31, 2024 (2023: SR 102.6 million).

The movement in the provision for slow-moving and obsolete inventories during the year is as follows:

	2024	2023
Balance as at beginning of the year	**788,027**	932,173
Reversal for the year, net	**(167,720)**	(144,146)
Balance as at the end of the year	**620,307**	788,027

16. ACCOUNTS RECEIVABLE, NET

	2024	2023
Receivables other than government	**8,835,708**	11,890,709
Governmental institutions (note 37e) (a)	**6,921,316**	6,444,187
Due from related parties (note 37e) (a)	**4,573,080**	3,456,936
Receivables for electricity service connection projects	**1,908,316**	1,709,575
	22,238,420	23,501,407
Add: Accrued revenue	**3,402,503**	3,449,047
	25,640,923	26,950,454
Less: allowance for expected credit losses (b)	**(3,043,244)**	(3,478,376)
	22,597,679	23,472,078

a) During the year 2024, the Group settled an amount SR 4 billion due from electricity consumers of governmental institutions for year 2023 and prior within the settlement of Ministry of Finance due (2023: SR 2.6 billion).

b) The movement in the allowance for expected credit loss for accounts receivable during the year is as follow:

	2024	2023
Balance as at beginning of the year	**3,478,376**	3,580,487
Reversal charge for the year	**(433,702)**	(56,731)
Utilised during the year	**(1,430)**	(45,380)
Balance as at the end of the year	**3,043,244**	3,478,376

17. LOANS AND ADVANCES

	2024	2023
Loans due from related parties (note 37e)	**1,282,526**	446,859
Advances to:		
Contractors and suppliers	**7,558,138**	3,334,798
Employees	**20,472**	17,754
	8,861,136	3,799,411
The above balances are classified as:		
Non-current	**954,663**	-
Current	**7,906,473**	3,799,411
	8,861,136	3,799,411

18. PREPAYMENTS AND OTHER RECEIVABLES, NET

	2024	2023
Prepaid and other expenses	**29,852**	9,050
Insurance and other claims	**284,095**	279,481
Other receivables	**3,145,987**	1,893,209
	3,459,934	2,181,740
Less: allowance for expected credit losses for other receivables balances (a)	**(532,652)**	(334,035)
	2,927,282	1,847,705

18. PREPAYMENTS AND OTHER RECEIVABLES, NET (CONTINUED)

a) The movement in the allowance for expected credit losses for other receivables balances during the year is as follow:

	2024	2023
Balance as at beginning of the year	**334,035**	437,196
Charge/(Reversal) for the year	**198,617**	(93,137)
Utilised during the year	**-**	(10,024)
Balance as at the end of the year	**532,652**	334,035

19. CASH AND CASH EQUIVALENTS

	2024	2023
Cash on hand	**3,298**	3,431
Cash at banks	**1,628,358**	618,121
	1,631,656	621,552

At each reporting date, all bank balances are assessed to have low credit risk as they are held with reputable and high credit rating domestic banking institutions and there has been no history of default with any of the Company's bank balances. Therefore, the probability of default based on forward looking factors and any loss given defaults are considered to be negligible.

20. SHARE CAPITAL

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 (corresponding to July 13, 2017).

21. DIVIDENDS

The General Assembly of the Company, in its meeting held on 6 Dhul Qadah 1445H, corresponding to May 14, 2024, approved the distribution of cash dividends for the year 2023 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. (2023: SR 2.9 billion).

The Board of Directors of the Saudi Electricity Company, in their meeting held on 4 Ramadan 1446 AH corresponding to March 4, 2025, recommended to the General Assembly of the Company's shareholders to distribute cash dividends for the financial year 2024 to the shareholders of the Group 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.

22. RESERVES

Statutory reserve
The Ministry of Commerce of the Kingdom of Saudi Arabia has issued new Regulations for Companies effective January 19, 2023, with a grace period of two years for implementation. Accordingly, as a result of the amendment of the Company's By-laws, the requirement to set aside a statutory reserve has been removed.

The General Assembly in its 10th extraordinary meeting held on 7 Shawwal 1445H (corresponding to April 16, 2024) approved the transfer of the statutory and general reserve to retained earnings.

22. RESERVES (CONTINUED)

General reserve

General reserve consists of the balances of the reserves that were recorded within the consolidated financial statements of the Saudi Electricity Company at the date of the merger (note 1), in addition to the collections of surcharges from individuals of electricity fees subsequent to December 31, 2001.

The General Assembly in its 10th extraordinary meeting held on 7 Shawwal 1445H (corresponding to April 16, 2024) approved the transfer of the statutory and general reserve to retained earnings.

Contractual reserve for Mudaraba financial 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 to 5.15% (effective from January 1, 2024) for a 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.

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

	2024	2023
Balance at the beginning of the year	**860,593**	860,593
Transferred from retained earnings during year	**8,792,041**	7,661,376
Paid during the year	**(8,667,733)**	(7,661,376)
Balance at the end of the year	**984,901**	860,593

23. 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 03/29/1442H (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 (the government) represented by the Ministry of Finance, to transfer the net financial liabilities accrued to the government by the Company, amounting to SR 167.9 billion, into a financial instrument within equity.

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

23. MUDARABA INSTRUMENT (CONTINUED)

The net financial liabilities accrued to the government on the Company amounting to SR 167.92 billion have been transferred to a secondary financial instrument, unsecured, with an unspecified, payment term, and an annual profit margin of 4.5% for a period of 3 years end in 2023, after which the profit margin was updated to 5.15% for another 3 years. Profit for the following years is to be calculated according to the mechanism set out in the agreement. The profit margin is payable in the case that it is decided to distribute cash dividends to holders of ordinary shares and collect any amounts due from the budget account, this instrument is compliant with the provisions of sharia compliant, and is classified as part of equity, it has no effect on the percentage of ownership of the Company's shareholders and the related rights, the instrument is considered recoverable only in the event of the end of the Company's term or the date on which the Company pays all amounts or any other amounts accrued under the agreement, whichever is earlier. The financial instrument included restrictions on some decisions on which the Company’s management must obtain the approval of the owner of the instrument.

The payment obligations of Saudi Electricity Company under this Agreement shall constitute direct, unsecured and subordinated obligations and rank after all senior obligations, rank pari passu with all other equivalent obligations and rank senior only to the junior obligations.

The general assembly, in its meeting held on 12th Jumada Awal 1442H (corresponding to December 27, 2020), agreed to settle the dividends accrued to Saudi Aramco, book value of the accrual was transferred to the Ministry of Finance covering the dividends for Saudi Aramco’s shares in the Company for the period since its establishment until the end of 1439H amounting to SR 3.4 billion, and the amount included in the amount of the financial instrument is added.

The fair value measurement information in accordance with IFRS 13 at the time of initial transfer and has not changed since initial recognition, which was measured according to Level 3 fair value hierarchy measurement, of SR 159 billion.

The fair value of the Mudaraba was determined based on an income approach where perpetual cash flows based on the profit rate of the instrument were discounted at an appropriate discount rate of 4.3% derived based on a cost of debt reflecting a yield to maturity of KSA Government Sukuk with longest maturity plus a premium for the perpetual nature of the instrument.

The regulatory weighted average cost of capital was estimated at 6% based on the Capital Asset Pricing Model using market-based assumptions and is considered a close proxy to the contractual WACC for the fair valuation purposes.

In addition, the redemption option was estimated based on an appropriate option pricing model which incorporates interest rate volatilities. The above inputs to the valuation are considered to be under Level 3 of the fair value hierarchy.

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.

24. EMPLOYEES’ BENEFITS OBLIGATION

	2024	2023
Employees’ end of service benefits (note 24.1)	**7,470,260**	6,667,764
Employees’ savings fund (note 24.2)	**1,109,386**	1,206,300
Human resources productivity improvement program (note 24.3)	**1,057,673**	1,406,830
	9,637,319	9,280,894

24. EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

24.1 EMPLOYEE'S END OF SERVICE BENEFITS

The Group carried out an actuarial valuation for employees' end of service benefits, using the projected unit credit method for its liability as at December 31, 2024 and December 31, 2023 arising from the end of service benefits.

The key demographic assumptions for the valuations are shown in the table below:

Resignation rate before retirement age	The Group based the resignation rates according to the historical resignation rates and based on the experience of the group during the past four years.
Assumed retirement age	As per new laws and regulation of GOSI - Gradually increases over time (58 to 65 Georgian Years). Employees older than the normal retired age are assumed to retire immediately on valuation date.
Pre-retirement mortality	The Group based the pre-retirement mortality on the life table for Saudi Arabia, sourced on countries that do not differ substantially from Kingdom of Saudi Arabia.

Significant actuarial assumptions for the determination of the employee benefits liability are discount rate, expected salary increase and mortality. The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

In presenting the sensitivity analysis, the present value of the employee benefits liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the employee benefits liability recognized in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The key economic assumptions for the valuations are shown in the table below:

	2024	2023
Gross discount rate	**5.59%**	4.93%
Price inflation	**1.74%**	2.47%
Salary inflation average rate	**5.90%**	5.00%

Sensitivity Analysis - Base Assumptions (Impact on liability)	**2024**	2023
Discount rate + 1%	**(796,095)**	(582,476)
Discount rate - 1%	**956,337**	685,960
Salary increase + 1%	**968,801**	697,607
Salary increase - 1%	**(818,932)**	(602,135)
Withdrawal rate + 10%	**(15,463)**	(12,611)
Withdrawal rate -10%	**16,574**	12,805
Mortality rate + 10%	**(3,086)**	(1,697)
Mortality rate -10%	**3,108**	1,707

The sensitivity analysis presented may not be representative of the actual change in the employee benefits liability as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

24. EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

24.1 EMPLOYEE'S END OF SERVICE BENEFITS (CONTINUED)

The reconciliation of the employee's end of service benefits obligation for the year ended December 31:

2023	Statement of profit or loss	Re-measurement	Cash movements	Total
As at January 1, 2023				5,781,990
Current service cost	470,076	-	-	470,076
Interest cost	270,597	-	-	270,597
Past service cost	513,970	-	-	513,970
Loss from change in economic assumptions	-	162,975	-	162,975
Loss from change in demographic assumptions	-	18,503	-	18,503
Actuarial loss from experience adjustments	-	174,194	-	174,194
Benefit payments	-	-	(724,541)	(724,541)
Total movement during the year	1,254,643	355,672	(724,541)	885,774
As at December 31, 2023				6,667,764
2024				
As at January 1, 2024	**-**	**-**	**-**	**6,667,764**
Current service cost	**505,380**	**-**	**-**	**505,380**
Interest cost	**344,364**	**-**	**-**	**344,364**
Past service cost	**5,169**	**-**	**-**	**5,169**
Loss from change in economic assumptions	**-**	**221,146**	**-**	**221,146**
Loss from change in demographic assumptions	**-**	**25,442**	**-**	**25,442**
Actuarial loss from experience adjustments	**-**	**152,850**	**-**	**152,850**
Benefit payments	**-**	**-**	**(451,855)**	**(451,855)**
Total movement during the year	**854,913**	**399,438**	**(451,855)**	**802,496**
As at December 31, 2024				**7,470,260**

24. EMPLOYEES' BENEFITS (CONTINUED)

24.1 EMPLOYEE'S END OF SERVICE BENEFITS (CONTINUED)

Undiscounted expected benefit payments within five years:

	2024	2023
Within one year	**644,648**	658,122
1 – 2 years	**288,794**	659,712
2 – 3 years	**295,579**	319,145
3 – 4 years	**306,614**	322,211
4 – 5 years	**324,879**	335,369

The weighted average duration of the employees' defined benefit obligation is 12.80 years (2023: 10.43 years).

Risks associated with defined benefit schemes:
The entity is exposed to the following risks associated with defined benefit schemes:

Salary Increase risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than the assumed level will increase the plan's liability.

Interest rate risk: A fall in the discount rate will increase the present value of the liability requiring higher provisions.

Withdrawal risk: Actual withdrawals/attrition varying from the actuarial assumption can impose a risk to the benefit obligation.

Mortality risk: Since the benefits under the plan are not payable for lifetime and are payable till retirement age only, the plan does not have any longevity risk.

24.2 EMPLOYEES' SAVINGS FUND

In accordance with Article 145 of the Labor Law, and in line with the Board of Directors' meeting held on 23rd Safar 1429H (corresponding to March 2, 2008), the Savings Plan Program was established to encourage Saudi employees in the Group to save and invest their savings in areas that are more beneficial to them to secure their future and as an incentive for them to continue working with the Group. Rate of return will be determined according to Group's policy.

Participation in the Fund is restricted to Saudi employees only and is optional for the employee who wishes to contribute a monthly minimum of 1% to a maximum of 10% of their basic salary.

24. EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

24.2 EMPLOYEES' SAVINGS FUND (CONTINUED)

	2024	2023
Balance at the beginning of the year	**1,206,300**	1,119,482
Charge for the year	**200,599**	186,636
Employee contribution	**125,420**	128,963
Paid during the year	**(104,059)**	(144,390)
Increase in asset value	**(318,874)**	(84,391)
Balance at the end of the year	**1,109,386**	1,206,300

The following are the liability balances of the employees' saving fund:

	2024	2023
Contribution by the Group	**1,238,654**	1,110,456
Employees' contribution	**948,662**	854,900
Total liability for employees' saving fund	**2,187,316**	1,965,356

The following are the assets of the employees' saving fund:

	2024	2023
Balances and deposits with banks	**594,158**	420,278
Investments in Sukuks	**483,772**	338,778
Total assets of the fund	**1,077,930**	759,056

24.3 HUMAN RESOURCES PRODUCTIVITY IMPROVEMENT PROGRAM

The Group is committed to improve the productivity of human resources by increasing employees' efficiency through the Group's endeavor to improve HR productivity, raise the level of employee efficiency, and reduce the total costs of HR, which will have a positive impact on the Group's performance in the future. The Group's board of directors approved human resources productivity program on June 29, 2022, and has been implemented during the third quarter of 2022 which entitles the beneficiary to obtain early retirement benefits based on the progress in achieving operational saving targets and continued until 2025. Those eligible for this program are Saudi employees who meet the terms and conditions of this program, the employees participating in the mentioned programs are entitled to benefits.

As of December 31, 2024, an independent actuarial exercise has been conducted to ensure the adequacy of provision for these HR productivity programs in accordance with the rules stated under the Saudi Arabian Labor Law by using the Projected Unit Credit Method as required under *IAS 19, Employee Benefits*. The following are additional assumptions used in evaluating these programs.

The breakup for the HR Productivity Improvement Program is as follows:

	2024	2023
Special offer	**653**	3,991
Mowama offer	**369,059**	468,612
Special offer and Mowama - 2022	**687,961**	934,227
	1,057,673	1,406,830

24. EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

24.3 HUMAN RESOURCES PRODUCTIVITY IMPROVEMENT PROGRAM (CONTINUED)

Employees participating in the aforementioned programs are entitled to benefits as calculated according to the following assumptions:

Economic and demographic assumption used in valuation of Special offer:

	December 31, 2024	December 31, 2023
Discount rate	**5.40%**	5.25%
Inflation rate	**5%**	5%
Health care	**5%**	5%
Mortality	The Group based its pre-retirement Mortality, on countries that do not differ substantially with the life table in the Kingdom of Saudi Arabia.	

Economic and demographic assumption used in valuation of Mowama:

	December 31, 2024	December 31, 2023
Discount rate	**4.91%**	4.59%
Inflation rate	**5%**	5%
Health care	**5%**	5%
Mortality	The Group based its pre-retirement Mortality, on countries that do not differ substantially with the life table in the Kingdom of Saudi Arabia.	

- It is likely that each employee who meets the conditions for the Productivity Program will receive the offer in any year.
- Annual cost of medical sponsorship for program members and their family has been approved based on the average actual cost of the Group .
- All benefits under the Plan shall cease upon death or at the age of 60 year, whichever is earlier.
- Mortgage loans related to premium support will not expire before the employee reaches age 60 year.

Economic and demographic assumptions used in valuation of Special offer and Mowama - 2022:

	December 31, 2024	December 31, 2023
Discount rate	**4.91%**	4.93%
Inflation rate	**5%**	5%
Average rate of salary inflation	**5%**	5%
Social insurance inflation rate	**5%**	5%
Savings and Savings Fund contribution rate	**10%**	10%
Health care	**5%**	5%
Offer acceptance rate	**65.5%**	65.5%
Mortality	The Group based its pre-retirement Mortality, on countries that do not differ substantially with the life table in the Kingdom of Saudi Arabia.	

- It is likely that each employee who meets the conditions for the Productivity Program will receive the offer in any year.
- Annual cost of medical sponsorship for program members and their family has been approved based on the average actual cost of the Group.
- All benefits under the Plan shall cease upon death or at the age of 60 year, whichever is earlier.
- The disbursement is made according to an approved policy for the program chosen by the employee.
- Disbursement of the group's contribution corresponding to the employee's savings in the Savings and Savings Fund at a rate of 100%.

24. EMPLOYEES' BENEFITS OBLIGATION (CONTINUED)

24.3 HUMAN RESOURCES PRODUCTIVITY IMPROVEMENT PROGRAM (CONTINUED)

Productivity of human resources program movement are shown in the table below:

	2024	2023
Balance at the beginning of the year	**1,406,830**	1,402,612
Charge for the year	**157,551**	830,193
Paid during the year	**(506,708)**	(825,975)
Balance at the end of the year	**1,057,673**	1,406,830

25. DEFERRED REVENUE

Deferred revenue represents amounts collected for electricity connections service against completed funded projects and is amortised on a straight-line basis based on the expected service life to customers, which is estimated at 35 years.

	2024	2023
Balance at the beginning of the year	**75,005,742**	71,402,366
Increase during the year	**5,721,150**	6,241,040
Amortised during the year	**(2,809,489)**	(2,637,664)
Balance at the end of the year	**77,917,403**	75,005,742

	2024	2023
Current portion	**2,917,674**	2,748,577
Non-current portion	**74,999,729**	72,257,165
	77,917,403	75,005,742

26. DEFERRED GOVERNMENT GRANTS

This relates to government grant received by Dawiyat Integrated Company for Telecommunications and Information Technology (a subsidiary) from Ministry of Communication and Information Technology to implement the fiber optic network. There are no unfulfilled conditions or other contingencies attaching to this grant.

	2024	2023
Balance at the beginning of the year	**1,256,645**	1,398,714
Amortisation during the year (note 40)	**(144,691)**	(142,069)
Balance at the end of the year	**1,111,954**	1,256,645

27. TRADE PAYABLES

	2024	2023
Contractors and retention payables	**3,614,297**	2,221,210
Accounts payable	**1,614,924**	1,552,869
Saline Water Authority – Purchase power cost (note 37e)	**118**	118
Fuel settlement payable – Ministry of Finance (note 41)	**5,687,333**	-
Others	**375,307**	341,069
	11,291,979	4,115,266

28. ACCRUALS AND OTHER PAYABLES

	2024	2023
Accrued capital projects and other expenses	**20,079,757**	12,319,182
Accrued interest expenses	**2,079,292**	1,689,843
Accrued employees' benefits	**1,441,326**	1,344,056
Other credit balances under settlement (a)	**415,291**	1,702,128
Accrued government fees (b)	**-**	830,421
Dividends payable	**494,294**	498,806
Others	**23,306**	37,314
	24,533,266	18,421,750

a) The balance resulted from the management's estimate of the difference between required revenue and actual revenue for the year 2024. It also includes the required revenue amendments for the year 2022 and 2023 by the regulator until it is settled in accordance with the approved rules and regulations. Thus, it is recorded within other operational revenues (note 38).

During the year the company received SR 9.5 billion (2023: SR 2.6 billion) in the form of balancing fund from the Ministry of Finance, resulting in the payable to Ministry of Finance amounting to SR 415 million (2023: SR 1,702 million).

b) During the current year an amount of SR 636 million to be received from electricity consumers and payable to government of KSA has been classified along with the related liability to better reflect the substance of the transaction.

29. PROVISION FOR OTHER LIABILITIES AND CHARGES

	Zakat	**Other provision**	**Total**
At January 1, 2023	473,295	1,032,976	1,506,271
Charge for the year	348,981	139,339	488,320
Reversed during the year	-	(287,528)	(287,528)
Paid during year	(471,946)	(60,004)	(531,950)
At December 31, 2023	350,330	824,783	1,175,113
Charge for the year	**187,426**	**-**	**187,426**
Reversed during the year	**-**	**(377,140)**	**(377,140)**
Paid during year	**(347,535)**	**(231,093)**	**(578,628)**
At December 31, 2024	**190,221**	**216,550**	**406,771**

30. FINANCIAL INSTRUMENTS

30.1 Financial instruments other than interest bearing

	2024	2023
Derivative financial liabilities		
Derivative financial instruments at fair value	-	173,663
Other financial liabilities carried at amortised cost, other than interest bearing loans		
Trade payable	**11,291,979**	4,115,266
Accruals and other payables	**24,519,585**	18,421,750
Refundable deposits from customers	**1,911,702**	1,910,357
Total other financial liabilities carried at amortised cost, other than interest bearing loans	**37,723,266**	24,447,373

30.2 Interest bearing liabilities

Classification of borrowings as appearing in the consolidated statement of financial position as of December 31, 2024, is as follows:

	Short term loans	**Long term loans**	**Sukuks**	**Total**
Non-current	**-**	**89,468,867**	**32,713,096**	**122,181,963**
Current	**16,631,416**	**2,994,586**	**2,437,500**	**22,063,502**
	16,631,416	**92,463,453**	**35,150,596**	**144,245,465**

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

	Short term loans	Long term loans	Sukuks	Total
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

Movement in borrowings during the year is as follows:

	Short term loans	**Long term loans**	**Sukuks**	**Total**
As at January 1, 2023	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	8,915,653	63,545,742	37,491,949	109,953,344
Proceeds from borrowings	**24,143,448**	**32,064,661**	**10,801,950**	**67,010,059**
Repayments of borrowings	**(16,427,685)**	**(2,907,789)**	**(13,125,800)**	**(32,461,274)**
Net charge to deferred costs	**-**	**(239,161)**	**(17,503)**	**(256,664)**
As at December 31, 2024	**16,631,416**	**92,463,453**	**35,150,596**	**144,245,465**

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Interest bearing liabilities (continued)

30.2.1 Long term loans

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

	Loan currency	Maturity date	Principal amount	2024	2023
Domestic Bank 2	SR	2025	5,000,000	**382,400**	767,200
Domestic Bank 6	SR	2026	3,500,000	**2,441,250**	2,493,750
Domestic Bank 8	SR	2026	15,200,000	**13,984,000**	14,288,000
Domestic Bank 9	SR	2029	2,850,000	**2,542,500**	2,830,000
Domestic Bank 10	SR	2027	9,000,000	**8,550,000**	8,730,000
Domestic Bank 11	SR	2032	1,500,000	**1,470,000**	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	**1,052,820**	902,824
Domestic Bank 14	SR	2030	3,000,000	**3,000,000**	3,000,000
Domestic Bank 15 (c)	USD	2029	3,750,550	**3,750,550**	-
Domestic Bank 16 (g)	USD	2031	1,878,375	**1,878,375**	-
International Bank 2	USD	2024	3,709,125	**-**	41,976
International syndicated loan 3	USD	2026	5,251,120	**874,026**	1,311,940
International syndicated loan 4	USD	2028	7,240,715	**2,273,319**	2,877,050
International syndicated loan 6	USD	2029	3,375,585	**1,405,373**	1,686,739
International syndicated loan 7	USD	2029	1,575,336	**656,176**	787,480
International syndicated loan 9	USD	2033	4,500,000	**1,309,201**	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	**776,250**	-
International syndicated loan 13 (d)	USD	2029	3,750,600	**3,750,600**	-
International syndicated loan 14 (e)	USD	2029	7,503,650	**7,503,650**	-
International syndicated loan 15 (f)	USD	2036	2,128,155	**1,828,145**	-
International syndicated loan 16 (h)	USD	2029	983,800	**938,800**	-
			120,590,560	**92,884,734**	63,724,212
Less: unamortised portion of the prepaid fees				**(421,281)**	(178,470)
				92,463,453	63,545,742
This is classified as following					
Current portion				**2,994,586**	2,907,948
Non-Current portion				**89,468,867**	60,637,794
				92,463,453	63,545,742

(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. As at December 31, 2024, the Company has utilised USD 3 billion (SR 11,251 million) 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 13 years. As at December 31, 2024, the Company has utilised USD 207 million (SR 776 million) from this facility agreement.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Interest bearing liabilities (continued)

30.2.1 Long term loans (continued)

(c) On 28 Shawwal 1445H corresponding to May 07, 2024, the Company entered into a credit facilities agreement with a Domestic Bank amounting to USD 1 billion (SR 3.75 billion) for 5 years. As at December 31, 2024, the Company has utilised SR 3.75 billion from this facility agreement.

(d) On 3 Ramadan 1445H corresponding to March 13, 2024, the Company signed International Syndicated Facility agreement with the International Banks amounting to USD 1 billion (SR 3.75 billion) for 5 years. As at December 31, 2024, the Company has utilised USD 1 billion (SR 3.75 billion) from this facility agreement.

(e) On 12 Muharram 1446H corresponding to July 18, 2024, the Company signed International Syndicated Facility agreement with the International Banks amounting to USD 2 billion (SR 7.5 billion) for 5 years. As at December 31, 2024, the Company has utilised USD 2 billion (SR 7.5 billion) from this facility agreement.

(f) On 12 Muharram 1444H corresponding to August 10, 2022, the Company signed International Syndicated Facility agreement with the International Banks amounting to USD 568 million (SR 2,128 million) for 14 years. As at December 31, 2024, the Company has utilised USD 487 million (SR 1,828 million) from this facility agreement.

(g) On 12 Rabi-Al-Thani 1446H corresponding to November 14, 2024, the Company entered into a credit facilities agreement with a domestic bank amounting to USD 500 million (SR 1,878 million) for 7 years. As at December 31, 2024, the company has utilised USD 500 million SR 1,878 million.

(h) On 11 Jamada Al-Awwal corresponding to December 12, 2024, the Company entered into a facility agreement with international Bank amounting to USD 250 million (SR 939 million) for 5 years. As at December 31, 2024, the company has utilised USD 250 million (SR 939 million).

30.2.2 Short term loans and facilities

The following are short-term loans and facilities:

	Loan currency	**Principal amount**	**2024**	2023
Domestic revolving bank loan 1	SR	3,000,000	**3,000,000**	3,000,000
Domestic revolving bank loan 2	USD	3,000,000	**3,000,000**	-
Domestic revolving bank loan 3	USD	2,000,000	**2,000,000**	-
International Syndicated Revolving Credit Facility 4	USD	9,665,625	**-**	5,915,653
International Syndicated Revolving Credit Facility 5	USD	15,000,000	**8,631,416**	-
Total short-term loans and facilities		32,665,625	**16,631,416**	8,915,653

30.2.3 SUKUK

	2024	2023
Non-current	**32,713,096**	24,366,949
Current	**2,437,500**	13,125,000
	35,150,596	37,491,949

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Interest bearing liabilities (continued)

30.2.3 SUKUK (continued)

Global Sukuk

1. During April 2013, the Group 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 repaid the first issuance amounting SR 5.6 billion of the sukuk in April 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%. The Group has classified SR 2.43 billion as current sukuk as at December 31, 2024.

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%.

   Additionally during March 2024, the Group performed 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%.

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.2 Interest bearing liabilities (continued)

30.2.4 LEASE LIABILITIES

	2024	2023
Non-current	**394,441**	286,961
Current	**170,110**	77,262
	564,551	364,223

The future minimum lease payments together with the present value of minimum lease payments as of December 31, are as follows:

2024	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
Less than one year	**190,279**	**20,169**	**170,110**
Between two and five years	**385,934**	**24,612**	**361,322**
More than five years	**66,205**	**33,086**	**33,119**
	642,418	**77,867**	**564,551**
2023			
Less than one year	87,873	10,611	77,262
Between two and five years	266,912	20,438	246,474
More than five years	51,596	11,109	40,487
	406,381	42,158	364,223

30.3 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has interest rate hedging contracts with several banks with notional amount of SR 13.25 billion as of December 31, 2024 (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 December 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 summarized in the table below:

	2024	2023
Derivative financial instruments assets:		
Interest rate swap		
Non-current	**202,377**	150,374
Derivative financial liabilities at fair value:		
Interest rate swap		
Non-current	**-**	173,663

30. FINANCIAL INSTRUMENTS (CONTINUED)

30.3 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Additionally, the group holds several structured foreign exchange forward contracts with a notional amount of 55 million USD (leveraged notional amount USD 110 million) being exchanged on a monthly basis, maturing on various dates between 2025 to 2029. Mark-to-market (MTM) valuations of these contracts were considered insignificant.

31. ADVANCES FROM SUBSCRIBERS

The amount represents payments received from customers in advance against the development of infrastructure required for the electricity line to the project. Upon completion of infrastructure these advances are transferred to deferred revenue and amortised.

	2024	2023
Advance from subscribers	**20,237,065**	18,733,439

These advances from customers are classified as non-current based on the nature of the contracts and their terms and condition.

32. ZAKAT

32.1 ZAKAT PROVISION

	2024	2023
Zakat for the year	**187,426**	348,981

The movement in zakat provision is as follows:

	2024	2023
Zakat:		
January 1	**350,330**	473,295
Provision for the year	**187,426**	348,981
Payments during the year	**(347,535)**	(471,946)
December 31	**190,221**	350,330

32. ZAKAT (CONTINUED)

32.1 ZAKAT PROVISION (CONTINUED)

The main components of the Zakat base for the Saudi Electricity Company and its subsidiaries are as follows:

	December 31, 2024
Income for the year before Zakat	**7,054,369**
Add: Adjustments	**442,271**
Total adjusted profit	**7,496,640**
Total Equity	**255,988,361**
Liabilities and related item	**252,286,001**
Difference between adjusted net profit and profit before Zakat	**442,271**
Total additions	**508,716,633**
Non-Current assets	**502,500,495**
Investment	**5,237,513**
Current assets eligible for deduction	**3,092,304**
Total deductions	**510,830,312**
Zakat base	
Difference between addition and deduction	**(2,113,679)**
Total adjusted profit	**7,496,640**
Zakat liability on adjusted profit	**187,426**

Calculation of the Zakat base of the Group for 2023 was as follows:

	2023
Income for the year before Zakat	10,598,280
Add: Adjustments	3,360,960
Total adjusted profit	13,959,240
Share capital	41,665,938
Total adjusted profit	13,959,240
Retained reserves	8,778,547
Retained earnings – opening	38,281,357
Mudaraba instrument	167,920,563
Various provisions	11,058,236
Loans and Sukuks	109,953,344
Deferred grants	1,256,645
Contractors and retention payables	2,221,210
	395,095,080
Deduct:	
Fixed assets and construction work in progress, net	460,951,523
Long term investments	5,220,843
Material and spare parts inventories	2,887,592
Zakat base	(73,964,878)
Zakat payable on the gross adjusted net profit	348,981

32. ZAKAT (CONTINUED)

32.2 ASSESSMENT STATUS

The Group submitted its zakat returns within the statutory period for the year ended on December 31, 2023 and assessments up to 2018 have been finalized.

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 in 2023 that had been made in previous years for these assessments.

The Group received acknowledgment receipts from the Zakat, Tax and Customs Authority (ZATCA) regarding the submitted Zakat declarations dated 8 December 2024 for the years 2019 and 2020 and 18 February 2025 for the years 2021 and 2022. ZATCA confirmed that there is no need to adjust the Zakat returns for those years.

33. CONTINGENT LIABILITIES

(a) 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 ranging from SR 1.3 to 1.5 billion. However, the Company has also filed counter claims against the Contractor amount ranging from SR 4.1 to 4.5 billion with the same arbitrator. The 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. In addition, there are other capital project claims amounting SR 744.8 million, where the 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.

(b) The Group has provided guarantees to some commercial banks and some other parties with a total amount SR 543 million as at December 31, 2024 (December 31, 2023: SR 91 million).

34. Contract Balances

The following table provides information about contract assets and contract liabilities from construction contracts with customers:

	2024	2023
Contract assets	**347,934**	248,679
Contract liability	**3,785,231**	4,080,670

The contract assets primarily relates to the Group's right to payment for performance completed to date mainly in respect of Power Supply Implementation Agreement "PSIA" but not billed at the reporting date. Any amount previously recognised as a contract asset is reclassified to accounts receivables at the point at which it is invoiced to the customer.

Group management always measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience, the nature of the customer and where relevant, the sector in which they operate.

The contract liabilities primarily relate to the advance consideration received from customers for PSIA, for which revenue is recognised over time.

An amount of SR 3.2 billion included in contract liabilities as at December 31, 2023 has been recognised as construction revenue during the year ended December 31, 2024 (2023: SR 1.97 billion).

35. COMMITMENTS

The capital commitments at the date of the consolidated statement of financial position represent the value of the incomplete portion of the capital contracts signed by the Group for the construction and installation of stations, transmission and distribution network and other assets, which amounted to SR 121 billion (December 31, 2023: SR 68 billion).

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

36. EARNINGS PER SHARE

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

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

	2024	2023
Profit for the year	**6,866,943**	10,249,299
Less: profit attributable to Mudaraba Instrument	**(8,792,041)**	(7,661,376)
Adjusted net profit for the year	**(1,925,098)**	2,587,923
Weighted average number of ordinary shares at the yearend *(in thousands)*	4,166,594	
Basic and diluted earnings per share "Saudi Riyals"	**(0.46)**	0.62
Earning per share without deducting dividends for the Mudaraba instrument		
Basic and diluted earnings per share "Saudi Riyals"	**1.65**	2.46

37. 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 Authority and these entities are under common control (all companies ultimately controlled by the Government of the Kingdom of Saudi Arabia). In identifying transaction and balances, the group has applied the exemption of Para 18 of IAS 24. Accordingly, only those with significant transactions have been disclosed. The following significant transactions were carried out with related parties:

37. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	2024	2023
a) Sales of electricity		
Group's ultimate controlling party	**11,869,458**	11,382,408
Entities under control of the Group's ultimate controlling party		
Saudi Power Procurement Company	**16,558,744**	15,981,381
Saudi Aramco	**223,630**	511,440
Saline Water Authority	**551,707**	540,785
	29,203,539	28,416,014

	2024	2023
b) Construction revenue		
-Entities under control of the Group's ultimate controlling party		
Saudi Aramco	**893,163**	249,423

	2024	2023
c) Purchases of energy and fuel		
-Entities under control of the Group's ultimate controlling party		
Saudi Power Procurement Company	**46,213,241**	37,178,438

	2024	2023
d) Others		
- Group's ultimate controlling party		
Payment from contractual reserve for Mudaraba instrument	**8,667,733**	7,661,376

e) Year end balances arising from transactions with related parties

	2024	2023
Accounts Receivable		
-Group's ultimate controlling party		
Governmental electricity receivables (note 16)	**6,921,316**	6,444,187
-Entities under control of the Group's ultimate controlling party (note 16)		
Saudi Power Procurement Company	**3,317,326**	2,688,458
Saudi Aramco	**201,797**	221,319
Saline Water Authority	**1,053,957**	547,159
	4,573,080	3,456,936
	11,494,396	9,901,123

37. RELATED-PARTY TRANSACTIONS AND BALANCES (CONTINUED)

e) Year-end balances arising from transaction with related parties (continued)

	2024	2023
Loans due from related parties		
- Joint ventures and associates:		
Al-Fadhli Co-production	**232,613**	232,613
Global Data Center Company	**95,250**	76,986
Sidra One Holding Company	**480,129**	68,630
Qudra One Holding Company	**474,534**	68,630
	1,282,526	446,859

	2024	2023
Other receivable		
-Entities under control of the Group's ultimate controlling party		
Saudi Aramco	**130,792**	-

	2024	2023
Contract asset		
-Entities under control of the Group's ultimate controlling party		
Saudi Aramco	**167,709**	248,679

	2024	2023
Contract liability		
-Entities under control of the Group's ultimate controlling party		
Saudi Aramco	**1,243,608**	-

	2024	2023
Trade payables and accruals		
-Entities under control of the Group's ultimate controlling party		
Saline Water Authority	**118**	118
Government payable expenses	**57,351**	830,421
Ministry of Finance	**6,102,624**	1,702,128
Saudi Power Procurement Company	**-**	30,371
Saudi Aramco	**127,910**	137,652
	6,288,003	2,700,690

Deferred government grant

	2024	2023
Group's ultimate controlling party		
Ministry of Communication and Information Technology (MCIT)	**1,111,954**	1,256,645

f) 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, including those that left during the year, for employees services is shown below:

	2024	2023
Salaries, compensation and allowances	**16,009**	14,131
Employee benefit obligation	**33,089**	-
Annual and periodic bonus	**23,601**	17,015
	72,699	31,146

38. OPERATING REVENUE

	2024	2023
Sales of electricity	**66,673,361**	64,876,931
Electricity service connection fees	**2,809,489**	2,637,664
Meter reading, maintenance and bills preparation fees	**1,521,512**	1,489,745
Transmission system revenues	**1,440,922**	1,745,962
Other operational revenue*	**11,995,010**	2,359,901
Construction revenue **	**4,225,347**	2,219,470
	88,665,641	75,329,673

* This item includes an amount of SR 10.8 billion, which represents the difference between required revenue and actual regulated revenue based on management's best estimate for the year ended December 31, 2024, (December 31, 2023: SR 1.2 billion).

	2024	2023
Estimated difference of required and actual revenue for the year	**12,134,466**	1,239,358
Adjustment ex-post computation for the year 2022 as approved by the Regulator	**(1,470,346)**	-
Adjustment ex-post computation for the year 2023 approval pending from the Regulator	**172,718**	-
	10,836,838	1,239,358

** The Group has right to payment for performance completed to date, therefore as permitted under IFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

39. COST OF REVENUE

	2024	2023
Purchased power (note 39.1)	**30,105,145**	21,630,397
Operation and maintenance expenses	**16,614,555**	16,933,865
Construction costs	**4,019,698**	2,074,220
Depreciation of operation and maintenance assets	**20,168,954**	19,005,429
Fuel	**124,893**	122,227
Depreciation of right-of-use assets	**146,123**	42,159
	71,179,368	59,808,297

39.1 Purchased power

	2024	2023
Purchased power	**46,663,889**	37,611,778
Less: Power supplied to SPPC under Energy Conversion Agreement	**(16,558,744)**	(15,981,381)
	30,105,145	21,630,397

40. OTHER INCOME, NET

	2024	2023
Amortisation of government grants (note 26)	**144,691**	142,069
Others, net*	**1,104,024**	572,068
Gain on disposal of property, plant and equipment, net	**9,537**	103,544
Dividend income (note 14)	**43,857**	48,432
Penalties and fines charged to customers	**28,318**	24,645
Employees related costs**	**-**	(844,262)
	1,330,427	46,496

40. OTHER INCOME, NET (CONTINUED)

* Others include an amount of SR 473 million that has been settled with a supplier.

**During 2023, the Group has incurred an amount of SR 844 million as additional employee benefits/allowances as a result of Board of Director's decision to amend the basis of computation for certain payroll elements retroactively.

41. FUEL SETTLEMENT EXPENSE

On January 31, 2025 (1 Shaaban 1446 AH), the company received a letter from the Minister of Energy regarding the approval of a final settlement for disputed amounts related to fuel and electric power costs, totalling SAR 5.687 billion. This amount is an obligation owed by the Group to the government, represented by the Ministry of Finance. The settlement will be converted into an additional amount to the Mudaraba instrument as per the Mudaraba agreement within 30 days of receiving the letter. The group has recorded this settlement as an expense in the statement of profit or loss and as a liability payable to the government in the consolidated financial statement for the year ended December 31, 2024.

42. GENERAL AND ADMINISTRATIVE EXPENSES

	2024	2023
Employees' expenses and benefits	**680,596**	565,954
Depreciation and amortisation	**437,428**	402,681
Communication fees	**156,774**	177,629
Materials	**163,554**	120,161
Research and development	**8,421**	8,163
Others	**147,763**	277,511
	1,594,536	1,552,099

The total fees incurred by the group during the financial year amounting SR 9.8 million in relation to assurance services.

43. FINANCE COSTS, NET

	2024	2023
Finance expense		
Bank loans and Sukuk	**8,143,362**	6,934,056
Lease contract	**24,356**	5,297
Less: interest capitalised (note 8)	**(3,469,161)**	(3,248,656)
	4,698,557	3,690,697
Interest cost employees' benefit obligation	**344,364**	270,597
Total finance expense	**5,042,921**	3,961,294
Finance income		
Interest income	**(193,311)**	(310,260)
Total finance income	**(193,311)**	(310,260)
Net finance costs	**4,849,610**	3,651,034

44. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital based on the debt ratio. This ratio is calculated on the basis of net adjusted debt divided by adjusted equity and adjusted net debt. Net debt is calculated as total borrowings (including "short term", "long term" and "sukuk" as stated in the consolidated statement of financial position) less cash and cash equivalents. The Group strategy is to maintain an appropriate debt ratio in light of operational requirements and future expansion plans.

The adjusted debt to equity ratios were as follows:

	2024	2023
Total borrowings	**144,245,465**	109,953,344
Less: cash and cash equivalents	**(1,631,656)**	(621,552)
Adjusted net debt (a)	**142,613,809**	109,331,792
Total equity (b)	**251,371,706**	256,317,712
Adjusted equity and net debt C = (a+b)	**393,985,515**	365,649,504
Adjusted net debt to equity ratio (D = a/c)	**36%**	30%

45. FINANCIAL RISK MANAGEMENT

45.1 FINANCIAL RISK FACTORS

The Group's activities expose it to market risk (foreign currency exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's financial instruments are as follows:

Financial assets as per the consolidated statement of financial position:

	2024		
	Financial assets through other comprehensive income	**Financial assets at amortised cost**	**Total**
Financial assets measured at fair value			
Financial assets through other comprehensive income	**230,119**	**-**	**230,119**
Derivative financial instruments	**202,377**	**-**	**202,377**
Financial assets not measured at fair value			
Financial assets at amortised cost	**-**	**18,133**	**18,133**
Cash and cash equivalents	**-**	**1,628,358**	**1,628,358**
Accounts receivable, net	**-**	**22,597,679**	**22,597,679**
Loans and advances	**-**	**1,302,998**	**1,302,998**
Other receivables	**-**	**2,897,430**	**2,897,430**
Total	**432,496**	**28,444,598**	**28,877,094**

	2023		
	Financial assets through other comprehensive income	Financial assets at amortised cost	Total
Financial assets measured at fair value			
Financial assets through other comprehensive income	250,645	-	250,645
Derivative financial instruments	150,374	-	150,374
Financial assets not measured at fair value			
Financial assets at amortised cost	-	18,807	18,807
Cash and cash equivalents	-	618,121	618,121
Accounts receivable, net	-	23,472,078	23,472,078
Loans and advances	-	464,613	464,613
Other receivables	-	1,838,655	1,838,655
Total	401,019	26,412,274	26,813,293

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.1 FINANCIAL RISK FACTORS (CONTINUED)

Financial liabilities as per the consolidated statement of financial position.

	2024		
	Financial liabilities through other comprehensive income	**Financial liabilities at amortised cost**	**Total**
Financial liabilities measured at fair value			
Derivative financial instruments	**-**	**-**	**-**
Financial liabilities not measured at fair value			
Loans	**-**	**109,094,869**	**109,094,869**
Sukuk	**-**	**35,150,596**	**35,150,596**
Trade payables	**-**	**11,291,979**	**11,291,979**
Accruals and other payables	**-**	**24,533,266**	**24,533,266**
Refundable deposits from customers	**-**	**1,911,702**	**1,911,702**
Lease liabilities	**-**	**564,551**	**564,551**
Total	**-**	**182,546,963**	**182,546,963**

	2023		
	Financial liabilities through other comprehensive income	Financial liabilities at amortized cost	Total
Financial liabilities measured at fair value			
Derivative financial instruments	173,663	-	173,663
Financial liabilities not measured at fair value			
Loans	-	72,461,395	72,461,395
Sukuk	-	37,491,949	37,491,949
Trade payables	-	4,115,266	4,115,266
Accruals and other payables	-	18,421,750	18,421,750
Refundable deposits from customers	-	1,910,357	1,910,357
Lease liabilities	-	364,223	364,223
Total	173,663	134,764,940	134,938,603

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies and procedures are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management framework standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee monitors the Group's commitment to application of the risk management policies and procedures and reviews the adequacy of the overall framework associated with the risks faced by the Group. The internal audit activity assists the audit committee in discharging their duty.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK

45.2.1 MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of three types of risk:

- Foreign currency risk;
- Commission rate risk (interest); and
- Other price risk.

(a) Foreign currency risk

Currency risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency risk is linked to the change in value in the functional currency due to the difference in the underlying foreign currency of the relevant transaction. The Group's functional currency is the Saudi Riyal, which is pegged to the US Dollar with a fixed exchange rate of 3.75 Saudi Riyals against the US Dollar. Except for US Dollar, most of the significant transactions are not subject to foreign currency risk. The financial assets in US Dollar amounted to USD 18 million as of December 31, 2024 (December 31, 2023: USD 46 million), while the financial liabilities in US Dollar amounted to USD 26.2 billion (December 31, 2023: USD 15.5 billion).

(b) Commission rate risk (interest)

Interest rate risk is the risk that either future cash flows or fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to change in cash flow due to change in interest rates. The Group enters into interest rate swaps in order to hedge the interest rate risk and these swaps are designated as derivative financial liability in the financial position.

The Group designate certain hedging instruments, which include derivatives as cash flow hedges.

Under interest rate swap contracts, the group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements.

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK – (CONTINUED)

45.2.1 MARKET RISK- (CONTINUED)

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

The Group's exposure to borrowing risk associated with changes in interest rates is as follows:

	2024	2023
Variable interest rate borrowings	**103,588,032**	76,051,814
Fixed interest rate borrowings	**40,657,433**	33,901,530

Interest rate sensitivity
A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and consolidated statement of profit or loss by the amount shown below. The analysis assumes that all other variables remain constant.

	For year ended December 31, 2024			
	Consolidated statement of profit or loss		**Consolidated statement of changes in equity**	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Loans at variable-rates	**(1,035,880)**	**1,035,880**	**-**	**-**
Interest rate swaps	**-**	**-**	**431,351**	**(567,086)**
Cash-flow sensitivity	**(1,035,880)**	**1,035,880**	**431,351**	**(567,086)**

	For year ended December 31, 2023			
	Consolidated statement of profit or loss		Consolidated statement of changes in equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Loans at variable-rates	(760,518)	760,518	-	-
Interest rate swaps	-	-	545,504	(707,489)
Cash-flow sensitivity	(760,518)	760,518	545,504	(707,489)

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices (other than those arise from currency and interest rate risk). The Group exposed to the fair value risk due to changes in the prices of the financial assets through other comprehensive income ('FVTOCI') owned by the Group, where the risk to which the Group exposed is not significant, as the financial assets through other comprehensive income includes investments in unquoted equity securities.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

45.2.2 CREDIT RISK

Credit risk arises from balances and deposits with banks and financial institutions, loans to affiliates, other receivables as well as credit exposures to sales.

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 which are settled in SADAD or using major credit cards and various electronic channels.

Impairment on financial assets consist of:

	2024	2023
Impairment in accounts receivable	**3,043,244**	3,478,376
Impairment in debt instruments at amortised cost	**-**	76
Impairment in other debit balances	**532,652**	334,035
	3,575,896	3,812,487

The credit period for the Group's operations is normally 30 days which is either contractually agreed or internally defined. No interest is charged on outstanding receivables.

The Group has changed the estimation techniques for the calculation of expected credit losses of its accounts receivable during the current reporting period. The Group has applied the simplified method to estimate expected credit losses for government and semi-government entities which were previously assessed under the general method. Under the simplified method, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The expected impairment loss on government, semi government entities' receivables is estimated based on data that is determined to be predictive of the risk of loss such as credit default swap based on information obtained from agencies. The loss rates obtained from external agencies are multiplied by loss given default to reflect the difference between the contractual cash flows due, and those that the Group expects to receive, including from any collateral, and is expressed as a percentage of EAD at the reporting date.

The Group always measures the allowance for accounts receivable from sale of electricity which are unsecured at an amount equal to lifetime ECL. The expected impairment loss on receivables other than government/semi government is estimated using a provision matrix by reference to past default experience of a group of debtors with similar loss patterns and where applicable an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The receivables consist of a large number of customers with small balances. Loss rates are calculated under a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on common credit risk characteristics i.e. type of customer etc. Loss rates are based on actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the accounts receivable.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

45.2.2 CREDIT RISK

The Group believes that it is able to collect other than government and semi government receivables through the Group's ability to stop providing services to those who are late in paying their indebtedness in addition to their legal follow-up with the competent authorities.

The Group divides its customer base into different customer segments based on their type.

The following tables detail the risk profile of accounts receivables based on the Group's provision matrix used to estimate lifetime ECL using the simplified approach:

	Accounts receivables – days past due as of December 31, 2024							
	Not past due	**0 - 90 days**	**91-180 days**	**181 – 270 days**	**271- 360 days**	**361 – 1080 days**	**More than 1080 days**	**Total**
Estimated total gross carrying amount at default*	**4,803,076**	**2,054,022**	**539,098**	**162,461**	**160,459**	**1,294,921**	**1,716,964**	**10,731,001**
Expected credit loss rate**	**0.92%**	**7.26%**	**23.96%**	**39.48%**	**47.11%**	**58.98%**	**100.00%**	**27.42%**
Lifetime ECL	**44,089**	**149,095**	**129,190**	**64,145**	**75,594**	**763,703**	**1,716,964**	**2,942,780**

	Accounts receivables – days past due as of December 31, 2023							
	Not past due	0 - 90 days	91-180 days	181 – 270 days	271- 360 days	361 – 1080 days	More than 1080 days	Total
Estimated total gross carrying amount at default*	4,786,592	2,965,989	974,391	565,537	217,349	1,863,849	1,933,877	13,307,584
Expected credit loss rate**	1.18%	7.80%	22.29%	39.97%	49.81%	50.20%	82.02%	25.26%
Lifetime ECL	56,434	231,468	217,206	226,068	108,253	935,590	1,586,256	3,361,275

* These balances include accrued revenue.
** Represents the weighted average credit loss rate for different classes of accounts receivables.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

45.2.2 CREDIT RISK

The following table shows the movement in lifetime expected credit losses that have been recognized for receivables from sale of electricity in accordance with the simplified approach set out in IFRS 9 *Financial Instruments*:

	Lifetime expected credit loss - not credit impaired		Lifetime expected credit loss - credit impaired	
	Collectively assessed	**Individually assessed**		**Total**
Balance as of January 1, 2023	3,043,306	-	-	3,043,306
Net re-measurement of loss allowance	363,349	-	-	363,349
Utilised during the year	(45,380)	-	-	(45,380)
Balance as of January 1, 2024	3,361,275	-	-	3,361,275
Net re-measurement of loss allowance	**(417,065)**	**-**	**-**	**(417,065)**
Utilised during the year	**(1,430)**	**-**	**-**	**(1,430)**
Balance as of December 31, 2024	**2,942,780**	**-**	**-**	**2,942,780**

The following table shows the movement in expected credit losses using the simplified approach that have been recognized for a class of customers (Government and Semi Government) with aggregate receivables from sale of electricity balance of SR 14.9 billion (2023: SR 13.6 billion):

	Lifetime expected credit loss - not credit impaired		Lifetime expected credit loss - credit impaired	
	Collectively assessed	**Individually assessed**		**Total**
Balance as of January 1, 2024	-	-	-	-
Net re-measurement of loss allowance	**94,760**	**5,704**	**-**	**100,464**
Balance as of December 31, 2024	**94,760**	**5,704**	**-**	**100,464**

Up to December 31, 2023, the Group had recognized ECL under the general approach as follows for a class of customers (Government and Semi Government):

	12-month ECL	
	2024	2023
January 1	**117,101**	537,181
Net re-measurement of loss allowance	**(117,101)**	(420,080)
December 31	**-**	117,101

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

45.2.2 CREDIT RISK

Impairment in other debit balances

On December 31, 2024 and December 31, 2023, there are no collateral financial instruments held.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to sales, contract assets, Loans to affiliates, along with the other debit balances.

The Group's cash and cash equivalent are placed with commercial banks having a good grade credit rating.

Loans due from related parties and other receivables are unsecured. For loans due from related parties and other receivables, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the group assesses whether there was a significant increase in credit risk.

In determining the expected credit losses for these assets, the management have taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Taking into account the historical default experience and the future prospects, the management considers these are not impaired. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these financial assets.

45.2.3 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet obligations associated with the financial instruments.

The objective of liquidity risk management is to ensure that the Group has enough funding facilities available to meet its current and future obligations. The Group aims to maintain adequate flexibility in financing by keeping appropriate credit facilities available.

The Group expects to meet its future financial obligations without being affected by the shortfall in working capital, through cash receipts from receivables and through facilities and bank loans.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date noting all current financial liabilities fall within a maturity period of one year or less. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.2 RISK MANAGEMENT FRAMEWORK (CONTINUED)

45.2.3 LIQUIDITY RISK (CONTINUED)

	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
December 31, 2024:					
Loans	**19,626,002**	**39,834,053**	**30,477,434**	**19,157,380**	**109,094,869**
Sukuk	**2,437,500**	**-**	**7,500,000**	**25,213,096**	**35,150,596**
Trade payables	**11,291,979**	**-**	**-**	**-**	**11,291,979**
Accrued expenses and other liabilities	**24,533,266**	**-**	**-**	**-**	**24,533,266**
Refundable deposits from customers	**1,911,702**	**-**	**-**	**-**	**1,911,702**
Lease obligation	**170,110**	**174,986**	**186,336**	**33,119**	**564,551**
Total	**59,970,559**	**40,009,039**	**38,163,770**	**44,403,595**	**182,546,963**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
December 31, 2023:					
Loans	11,823,601	3,062,178	41,555,561	16,020,055	72,461,395
Sukuk	13,125,000	2,437,500	4,500,000	17,429,449	37,491,949
Trade payables	4,115,266	-	-	-	4,115,266
Accrued expenses and other liabilities	18,421,750	-	-	-	18,421,750
Refundable deposits from customers	1,910,357	-	-	-	1,910,357
Lease obligation	77,262	82,531	163,944	40,486	364,223
Total	49,473,236	5,582,209	46,219,505	33,489,990	134,764,940

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

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.

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.3 FAIR-VALUE MEASUREMENT (CONTINUED)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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 consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 financial liabilities that are measured at fair value as of December 31, 2024:

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial assets through other comprehensive income	**-**	**-**	**230,119**	**230,119**
Derivative financial assets	**-**	**202,377**	**-**	**202,377**
Total financial assets	**-**	**202,377**	**230,119**	**432,496**
Financial liabilities				
Derivatives financial liabilities	**-**	**-**	**-**	**-**
Total financial liabilities	**-**	**-**	**-**	**-**

The following table presents the Group's financial assets and liabilities that are measured at fair value as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets through other comprehensive income	-	-	250,645	250,645
Derivative financial assets	-	150,374	-	150,374
Total financial assets	-	150,374	250,645	401,019
Financial liabilities				
Derivatives financial liabilities	-	173,663	-	173,663
Total financial liabilities	-	173,663	-	173,663

45. FINANCIAL RISK MANAGEMENT (CONTINUED)

45.3 FAIR-VALUE MEASUREMENT (CONTINUED)

Valuation techniques used to derive fair value - Level 2

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 2 derivatives.

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.

Fair value measurements using significant unobservable inputs - Level 3

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.

Unrealized gross (loss)/profit for the year ended December 31, 2024 included in other comprehensive income ("change in fair value of financial asset at other comprehensive income") for financial statement at other comprehensive income amounted to loss of SR 20.5 million (2023: SR 108 million).

As on December 31, 2024, it represents the expected dividends and the main variable cost of equity entered into the model used for the fair valuation of financial assets through other comprehensive income. An increase of 5% in the cost of equity will lead to a decrease of SR 7.2 million (2023: SR 8.2 million) in the fair valuation of financial assets through other comprehensive income, while a 5% decrease in the cost of equity will lead to an increase of SR 7.6 million (2023: SR 8.8 million), where the discount risk rate reached in 2024: 8.8% (2023: 8%)

A 5% increase/decrease in expected dividend income will result in an increase/decrease of SR 11.5 million (December 31, 2023: SR 12.5 million) in the fair valuation of the financial asset through other comprehensive income.

There have been no transfers between level 1, level 2 and level 3 fair values.

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

	2024	2023
Opening balance	**250,645**	359,335
Change in present value during the year	**(20,526)**	(108,690)
Closing balance	**230,119**	250,645

Fair values of financial assets and liabilities measured at amortised cost:

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

46. SIGNIFICANT EVENTS

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.

47. NON-CASH TRANSACTIONS

The most important basic non-cash transactions for the year ended December 31, are as follows:

	2024	2023
Transfer of property to property, plant and equipment to intangible assets	**-**	17,999
Transfer from property, plant and equipment to investment properties, net	**2,787**	18,828
Transfer from inventory to property, plant and equipment	**206,419**	-
Right-of-use assets recognized	**353,175**	322,684
Lease liabilities recognized	**353,175**	322,684
Intangible asset transferred to equity accounted investees	**-**	15,000
Other adjustment to equity accounted investee	**-**	2,958
Transfer of investment property to property, plant and equipment	**-**	20
Additions to property, plant and equipment, net	**4,752,996**	9,484,168

48. SUBSEQUENT EVENT AFTER REPORTING PERIOD

- On 2 Rajab 1446H corresponding to January 2, 2025, the Group dissolved the Electricity Sukuk Company 1 by cancelling its registration.

- On 30 Rajab 1446H corresponding to January 30, 2025, the Group sold its shares in an associate company Green Saudi Company for Carbon Services.

- Subsequent to year-end, liquidation procedures of the Electricity Sukuk Company (subsidiary) have been initiated as Sukuk 4 has been fully paid off, and the subsidiary no longer acts as a trustee.

- On 1 Shaaban 1446 AH corresponding to January 31, 2025, the company received a letter from the Minister of Energy regarding the approval of a final settlement for disputed amounts related to fuel and electric power costs with Aramco, totalling SAR 5.687 billion. This amount is an obligation owed by the company to the government, represented by the Ministry of Finance. The company has recorded this settlement as an expense in the income statement and as a liability payable to the government in the consolidated financial statement for the year ending December 31, 2024. However, the settlement will be converted into Mudaraba instrument as per the Mudaraba agreement within 30 days of receiving the letter.

48 SUBSEQUENT EVENT AFTER REPORTING PERIOD (CONTINUED)

- On 22 Rajab 1445H correspond to February 9, 2024, the Group issued a 5-year Sukuk tranche (the "First Tranche") and a 10-year green Sukuk tranche (the "Second Tranche") in a total amount of SR 10.3 billion.

- On 20 Shaaban 1446 AH corresponding to February 20, 2025, the company signed Power Purchase Agreement “PPA” with the Saudi Power Procurement Company – Principal Buyer (“SPPC”) for large-Scale Combined Cycle Gas Turbine (“CCGT”) Power Plant, namely Qurayyah IPP Expansion Project. The Project is located in Eastern province of Saudi Arabia, with a production capacity of 3,010 MW with Readiness to Build Carbon Capture.

49 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group's consolidated financial statements were approved by the Board of Directors of the Group on 4 Ramadan 1446H corresponding to March 4, 2025.