



شركة الكهرباء والماء القطرية ش.ق.م.ق.
QATAR ELECTRICITY & WATER CO. Q.P.S.C.

ANNUAL REPORT

2022

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ



His Highness
Sheikh Hamad Bin Khalifa Al Thani
The Father Amir



His Highness
Sheikh Tamim Bin Hamad Al Thani
The Amir of the State of Qatar



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Board of Directors

H.E. Eng. Saad Bin Sharida Al- Kaabi

Minister of State for Energy Affairs
Chairman of QEWC

Mr. Faisal Bin Abdul Wahid Al-Hamadi

Vice Chairman

H.E. Sh. Saud Bin Khalid Al-Thani

Member

H.E. Sh. Suheim Bin Khalid Al-Thani

Member

H.E. Sh. Hamad Bin Jassem Al-Thani

Member

H.E. Sh. Hamad Bin Jabor Bin Jassim Al-Thani

Member

H.E. Mr. Nasser Bin Khaleel Al-Jaidah

Member

Mr. Adel Ali Bin Ali

Member

Mr. Fahad Bin Abdullah Al-Mana

Member

Mr. Abdullah Bin Khalifa Al-Raban

Member

Mr. Mohammed Bin Nasser Al-Hajri

Managing Director and General Manager

Message from the Chairman



**His Excellency Eng.
Saad Bin Sharida Al- Kaabi**

Minister of State for Energy Affairs

*Chairman of the Board of Directors of the
Qatar Electricity and Water Company*

Dear Shareholders,

Qatar Electricity and Water Company, within the framework of its commitment to its vision and mission, continues to support the growth of the national economy by contributing to electricity production and water desalination sector and meets the country's electricity and water needs with high efficiency and highest standards, in cooperation with the Qatar General Electricity and Water Corporation.

On May 17, 2022, the company obtained the RoSPA Gold Certificate from the British Royal Society for the Prevention of Accidents, which is one of the most prestigious awards in the world of occupational health and safety, which is highly valued by everyone.

Regarding the business and performance of the company, Qatar Electricity and Water Company has spared no effort to diversify its revenue sources and expand its business. The Company is working in cooperation with QatarEnergy and KAHRAMA to develop one of the most important local projects for the future, the Ras Abu Fontas power project, which is proposed to be developed in the Ras Abu Fontas (A) station site.

The tender for development is expected to be offered again during the first half of this year.

With regards to foreign investments, the company has purchased Qatar Holding Company's 40% stake in Nebras Power Company, through Ras Laffan Operating Company, a fully owned subsidiary of QEWC, and therefore the Company has acquired full ownership of Nebras Power Company. This will strengthen the company's activities in the diversification and development of its investments, venturing into new projects and benefiting from global investment opportunities. Nebras Power has made significant investments in power projects outside of Qatar, notably the Zain project in the Netherlands, the Oryx project in Jordan, the solar power project in Brazil, the Stockyard Hill wind power project in Australia, and power projects in Bangladesh and Uzbekistan.

Dear Shareholders,

The company achieved a strong financial performance during the year 2022 and a net profit of QR 1,711 million, the highest net profit in the Company's history.

Considering this, the company's board of directors recommends distributing 61% of the company's net profits as dividends to shareholders, equivalent to QR 0.95 per share.

In conclusion, I extend my heartfelt thanks and gratitude to His Highness Sheikh Tamim Bin Hamad Al Thani, Emir of the Country, "may God preserve him", for his wise vision, solid guidance and continuous support.

I also extend my thanks and appreciation to the company's shareholders for their support of the company's march towards achieving its goals.

Thanks are also extended to the executive management team, and to all employees and subsidiaries of the company for their great effort and outstanding dedication that contributed to achieving the expected results, wishing them all continued success.

Peace, mercy and blessings of God,

In the name of Allah the Merciful the most gracious

Dear Shareholders,

May the peace, blessings, and mercy of God be upon you.

On behalf of myself and on behalf of the members of the Board of Directors, I am pleased to welcome you to the annual meeting of the Ordinary General Assembly of Qatar Electricity and Water Company to review the company's business and performance for the fiscal year ended on December 31, 2022.

First of all, I consider it is my duty to recognize - with great pride and honour - the success of the company and its subsidiaries in fulfilling their responsibilities towards ensuring the electricity and water needs of the country during the hosting of the Qatar 2022 World Cup. During this exceptional event, the company was able, thank God, to maintain high efficiency for all stations without interruption. This was a result of the efforts of the company and its subsidiaries in terms of good preparation and concerted efforts in advance and the completion of all regular maintenance work before the start of tournament activities. This was reflected in our beloved country's impressive success in hosting this exceptional global event.



COMPANY OBJECTIVES

We are Qatar Electricity & Water Company. The second largest utility company in the MENA region.

Mission:

To be the leading power generation and water desalination company in the Middle East.

Vision:

Our mission is to

- Motivate our employee to work congenially towards positive growth.
- Partnering with our customers to ensure success.
- Operate in a clean and safe environment.
- Create wealth for our shareholders.

Values

Social Responsibility

We value the safety and quality of life of our employees and respect the environment of the surrounding community where we operate.

Integrity

We are responsible for our decisions and actions. We honor our commitments. We are trustful and ethical. We treat others as we would like to be treated ourselves.

Innovation

We create innovative processes and solutions to boost our productivity and meet our customers' requirements.

Teamwork

We value our employees multicultural thinking and experience.

BRIEF ABOUT QATAR ELECTRICITY & WATER COMPANY 2022



Qatar Electricity and Water Company (QEWC) was established in 1990 as a public shareholding company, in accordance with the provisions of the Qatari Commercial Companies Law, for the purpose of owning and operating power and water plants, and to sell its products. The Company is one among the first private sector companies in the region that operate in the field of electricity generation and water desalination.

The capital of the company at the time of incorporation was QR 1 billion distributed into 100 million shares QR 10 per share. Based on the decision of the Extraordinary General Meeting of February 25, 2014 to distribute ten million free shares to shareholders, one share for every ten shares held, the capital of the company has been modified to one billion one hundred million Qatari riyals, distributed into one hundred and ten million fully paid shares, where the government of the State of Qatar and its affiliated institutions own approximately 60% of the capital, and the rest of the corporate and individual shareholders own about 40%. Based on the decision of the Extraordinary General Assembly of March 6, 2019, the nominal value of the shares was changed to become one Riyal instead of ten Riyals, and thus the number of shares became one billion and one hundred million shares. The company is managed by an eleven-member board of directors headed by His Excellency Eng. Saad Bin Sherida Al Kaabi, Minister of State for Energy Affairs.

Qatar Electricity and Water Company is one of the largest companies in the field of electricity production and water desalination in the Middle East and North Africa Region, and it is the main provider of electricity and desalinated water in the State of Qatar. The company has experienced remarkable growth over the past decade in line with the steady growth of the Qatari economy, population increase and corresponding increase in demand for electricity and water. The company's total assets amount to approximately QR 28 billion and the production capacity owned by the company and joint ventures is 10,590 MW of electricity, and 543 MIGD of water.

It is worth mentioning that Qatar Electricity and Water Company obtained, on May 17, 2022, the ROSPA Gold Award certificate at the annual ceremony held by the British Royal Society for the Prevention of Accidents (ROSPA), which is considered a non-profit, humanitarian association linked to technical cooperation with NEBOSH the international organization specialized in Safety and Security.

Company Projects:

The company owns and operates a number of key electricity generation and water desalination plants. They are as follows:

- Ras Abu Fontas A1: Production capacity of 45 MIGD of water.
- Ras Abu Fontas A2: Production capacity of 36 MIGD of water.
- Ras Abu Fontas A3: Production capacity of 36 MIGD of water.
- Ras Abu Fontas B: Production capacity of 609 MW of electricity and 33 MIGD of water.
- Ras Abu Fontas B1: Production capacity of 376.5 MW of electricity.
- Ras Abu Fontas B2: Production capacity of 567 MW of electricity and 30 MIGD of water.
- Dukhan desalination plant: Production capacity of 2 MIGD of water. The plant was shut down by the end of 2022 at the request of QatarEnergy.

Furthermore, the company holds shares in domestic electricity generation and water desalination companies as follows:

- 80% in Ras Laffan Power Company Limited, which has a capacity of 756 MW of electricity and 40 MIGD of water. In addition, QEWC has full ownership of Ras Laffan Operating Company.
- 55% in Qatar Power Company, which has a capacity of 1,025 MW of electricity and 60 MIGD of water.
- 40% in Mesaieed Power Company, which has a capacity of 2,007 MW of electricity.
- 45% in Ras Girtas Power Company, which is the largest power generation project in the region with a capacity of 2,730 MW of electricity and 63 MIGD of water.
- 100% in Nebras Power Company.
- 60% of Umm Al Houl Power Company, with a production capacity of 2,520 megawatts of electricity and 198 million gallons of water per day
- 49% of Siraj Energy Company, engaged in production of electricity using solar energy, which has a production capacity of 800 MW of electricity. During the fourth quarter of 2022, it was agreed to sell the company's entire stake in Siraj Energy to QatarEnergy.

Investments of the company and Future plans:

The company and its subsidiaries continued with predetermined expansion plans and succeeded in increasing their production capacity locally and diversifying investments. The company has completed

a number of projects such as the Umm Al Houl Power Plant Expansion Project and the Al Kharsaah Solar Power Plant Project, which is the first project of Siraj Energy Company and has been officially inaugurated on October 18, 2022, with a production capacity of 800 MW of electricity.

With regard to projects abroad, the company is also looking, through its foreign investment arm, Nebras Power, to expand into global markets. The company, through its wholly owned subsidiary, Ras Laffan Operating Company, purchased Qatar Holding Company's 40% stake in Nebras Power Company, and so now Nebras Power Company is fully owned by the QEWC. Nebras Power was able to enhance its investments and increase its assets by expanding its portfolio in the countries in which it has investments, and expanding its presence by entering many new markets in Asia, Latin America and Australia. These new investment additions provide Nebras with access to developing markets and enhance the "energy technology" mix in its portfolio in terms of natural gas-based and renewable projects.

The future plans for the company's investments aim to keep pace with the growing demand for electricity and water by establishing stations with a large production capacity, and other stations that operate with renewable energy such as solar energy, and energy produced from waste to create a diversity of energy sources.

Main Features and Attractions:

The company is characterized by stability and low risk due to its investment in the infrastructure and utilities sector of Qatar. Company's shares are stable, with the possibility of a potential increase in market value, especially due to the noticeable improvements in the local economy and the completion of projects outside Qatar. The stable dividend distribution is also one of the positive contributing factors to making the company shares attractive. The most important factors contributing to the company's success are:

- QEWC provides a guaranteed flow of revenue through the Power and Water Purchase Agreements with Qatar General Electricity and Water Corporation (KAHRAMAA).
- The company maintains long-term contracts for the supply of fuel to all plants based on the agreements signed with QatarEnergy, which ensures the stability of the fuel cost and is the largest component of the variable operating cost. QatarEnergy is one of the primary and certified sources to supply natural gas either in gaseous or liquefied gas form to many countries in the world. This ensures high reliability to the power and water plants of the company for the supply of gas and high thermal efficiency to meet international environmental standards.
- Due to the experience and reputation accumulated since its foundation in 1990, QEWC has expanded outside Qatar, North Africa and the Middle East as well as East Asian markets. With the implementation of successful projects in these markets, the company's status may rise further.
- Another contributing factor is the company's balanced policy in distributing profits annually is in line with the company's financial performance.



Fiscal policy:

The company adopts a long-term policy to increase operating revenue, which is confirmed by the results achieved, thanks to good operating efficiency and optimal control over production costs, resulting in better financial results over the years. This enabled the company to pay shareholders higher dividends every year and it has reflected positively on the share price of the company in the local market, by showing stability in price and not be affected by market fluctuations.

The company adopted a balanced policy regarding the distribution of profits considering its financial commitments and requirement to finance new projects.

Social responsibility:

The company believes in its role and responsibility in the development and advancement of society, and the preservation of the environment, through its effective and serious participation in the corporate social responsibility system. The company also provides support and donations to several health, educational, cultural, artistic, social, humanitarian, sports and environmental centres and institutions, in addition to sponsoring and supporting some scientific and intellectual conferences and seminars, that aims to serve and develop civil society institutions with its various activities and goals. The company's total contributions for such activities during the year amounted to QR 1,339,825 (QR one million three hundred and thirty-nine thousand eight hundred and twenty-five only) during the year 2022.

Company's credit rating:

Moody's reaffirmed the company's overall credit rating as A1 for the year 2022, the same as last year's rating.

Conclusion:

The company is committed to working on the development of its activities and projects in accordance with the highest international standards and practices while continuing to adhere to the principles of disclosure and transparency to the public and shareholders and achieving higher profit for the shareholders of the company. The company has achieved high levels of performance, that contributed to the continuation of its role in effectively supporting the comprehensive development of the country, which reflected positively on the financial results and dividends. The company rely on strong financial standards, confidence granted to it by the shareholders and esteemed board of directors and a highly qualified staff base, that shows a high team spirit to achieve the company's goals and dreams.

REPORT OF THE BOARD OF DIRECTORS

for the Year ended on 31st December 2022



The Board of Directors of Qatar Electricity and Water Company is pleased to present to its esteemed shareholders the annual report on the Company's activities and its financial results for the fiscal year ended on 31st December 2022, prepared in accordance with the requirements of the Commercial Companies Law, the governance system, registration and listing rules, and the provisions of the company's articles of association. The annual report is accompanied by audited financial statements, notes and the corporate governance report for the year, which documents the activities and achievements of the company, its subsidiaries and associates and highlights its future vision to secure sustainable supply of electricity and water to all public and private state facilities.

FIRST: Financial Results

The operating revenues for the year 2022 amounted to QR 2,721 million, compared to QR 2,475 million for the year 2021, an increase of 10%. Share of results from joint venture companies and associates amounted to QR 669 million, compared to QR 570 million for the year 2021, an increase of 17%. Interest and other income amounted to QR 614 million, compared to QR 218 million for the year 2021.

Operating expenses for the year 2022 amounted to QR 1,669 million, compared to QR 1,509 million for 2021, an increase of 11%. General and administrative expenses amounted to QR 298 million, compared to 148 million Qatari riyals in 2021, an increase of 101%. Financing expenditure amounted to QR 288 million, compared to QR 116 million for the year 2021, an increase of 148%. The net profit attributable to minority shareholders amounted to QR 40 million, compared to QR 22 million for the year 2021.

Based on the foregoing, the net profit of Qatar Electricity and Water Company for the year 2022 amounted to QR 1,711 million, compared to QR 1,468 million for the year 2021, an increase of 17%.

(Esteemed shareholders can view the detailed financial statements approved by the Board of Directors and the company's external auditor, in the annual report).

Based on the financial results for the year 2022, the Board of Directors recommends to the company's general assembly to approve distribution of cash dividends to the shareholders for the fiscal year 2022 at the rate of 95% of the nominal value of each share.

SECOND: The Company's Projects and Future plans

Qatar Electricity and Water Company gives utmost importance for ensuring uninterrupted supply of electricity and water to the State of Qatar and for this purpose implements projects proposed by Kahramaa. On the other hand, its foreign investment arm, Nebras Power Company, is implementing overseas projects that support the company's investment plan.

The company has achieved many accomplishments and tasks entrusted to it in this regard and aspires for more achievements locally and in the international arena, by increasing the diversification of energy production sources in the State of Qatar and increasing its share in the global energy market. The following statement shows the company's projects and future plans, at the local and global levels:

Locally:

Current projects:

Al-Kharsaa solar power plant project:

The shareholder's agreement for establishing Siraj Energy Company was signed with QatarEnergy on 29th November 2016, and the company's incorporation procedures were completed on 25th April 2017 with the aim to establish solar energy projects in Qatar. The efforts of the company materialized with its first project, represented by the "Siraj 1" company, in partnership with Marubeni and Total, to establish the Al-Kharsaa Solar Power Station with a capacity of 800 MW.



After the project announcement and the developer qualification, financial offers were opened on 26th September 2019 and the developer was selected on 9th December 2019. The Power Purchase Agreement (PPA) was signed on 15th January 2020 and the Construction contract (EPC) was signed on 6th February 2020. The project company (Siraj 1) undertakes the task of operating and maintaining the station and this contributed to company's expertise in this field. The first phase of the project, with a capacity of 400 MW was completed during September 2022, followed by full completion of the project with a total capacity of 800 MW. The plant was officially inaugurated on 18th October 2022. A share sale and purchase agreement was recently signed between QatarEnergy and the Qatar Electricity and Water Company to sell the entire 49% stake of Qatar Electricity and Water Company in Siraj Energy to QatarEnergy. The deal will be presented to the General Assembly for final approval.

Future Projects:

The company's future plans for investments are built within the framework of meeting the growing demand for electricity and water, by constructing higher capacity efficient plants by replacing the old low efficient plants. The company also works in line with the directions of the state and within the ambit of Qatar National Vision 2030, taking advantage of all available opportunities, to create a diversification in sources of energy.

Facility Project (E) "Ras Abu Fontas Power Company":

As requested by the Qatar General Electricity and Water Corporation (Kahramaa), considering the inefficient performance of the plant, the Ras Abu Fontas A station facilities were demolished and removed, in order to build a new power and water station in its place. The tender for the development of the new station was issued on 10th September 2019, offers were submitted on 27th August 2020 and the alternative offer was submitted on 15th November 2021. As per the original plan the Power and Water Purchase Agreement (PWPA) supposed to be signed in March 2022, but Kahramaa decided to re-tender the project.

Extension of the Ras Abu Fontas B1:

The company was in discussions with Kahramaa to extend the Power Purchase Agreement (PPA) for Ras Abu Fontas station "B1" power station, which expired on 31st August 2022, for an additional period of 7 years until 31st December 2029. In order to allow more time for both parties to study the PPA extension and to cover the operation of the plant during Qatar World Cup 2022, the company agreed with KAHRAMAA to extend the PPA temporarily until 28th February 2023. The Fuel Gas Supply Agreement with Qatar Energy was also extended for the same period.

Selling of Company owned Land in Lusail City:

Based on the study conducted by the committee formed to follow up on the project, the company's board of directors decided to sell the plot of land owned by the company in Lusail City. The board, after discussion, concluded that the project was not feasible from an investment point of view. As per the original plan, the company was planning to construct two towers in the land, first tower to be used as commercial offices in addition to the headquarters of the company and its subsidiaries, while the second tower was planned to be used as an investment in the field of hospitality. However, based on the studies of the real estate market, it was confirmed that the supply of real estate significantly exceeds the current demand and expected demand in the near future, and so it was decided to sell the land. Accordingly, the company sold the land to Al-Barjeel Real Estate Development Company and during April 2022 and signed an agreement with Qatari Diar Company and Al-Barjeel Real Estate Development Company to transfer the land.



Cansol Project in Brazil:



“Stockyard Hill” Project in Australia:

Globally:

The company also seeks, through its international investment arm, Nebras Power, to expand abroad in the global markets. The company, through its wholly-owned subsidiary, RasLaffan Operating Company, purchased the 40% share of Qatar Holding Company in Nebras Power. Despite the difficult circumstances and challenges faced by the global economy in the year 2022, due to the effects of the Corona virus pandemic, and the slowdown in the investment pace globally, Nebras Energy was able, thanks to God, to move forward in strengthening its investments and increasing its asset base. It acquired stakes in some solar energy projects through the NEC company in Brazil (in which Nebras owns 50% shares). Nebras Power has also expanded its investments in the Netherlands by starting development of new solar energy plants with a production capacity of 14.5 MW. In addition, Nebras Power has continued to work towards increasing its stake in several projects in Jordan, which is expected to be completed in the first quarter of 2023. The company also completed the acquisition of a 24% stake in a natural gas fired combined-cycle power plant project with a production capacity of 584 MW in Bangladesh, which is expected to be completed and enter into commercial operation phase in the fourth quarter 2023. Nebras Power, in alliance with Japanese and French companies, submitted an offer to develop a fuel gas fired combined cycle power project with a total capacity of 1,600 MW in Uzbekistan. The offer submitted by the Nebras Power consortium was chosen as the best offer by the Uzbek government. All agreements related to the development of the project were signed with the Uzbek government and the construction work for the project is expected to start by the beginning of 2023. Nebras Power also reduced its stake in the Paiton Power project in the Republic of Indonesia from 35.5% to 26% by competitive bidding process involving investors, sale and purchase agreement was signed with Indonesian company, Medco, and the sale was completed in the first quarter of 2022.

Nebras Power Projects:

Cansol Project in Brazil:

Nebras Power, with its partners, continued the construction of four solar energy projects in Brazil, with a production capacity of 482 MW and all projects entered the commercial operation phase.

“Stockyard Hill” Project in Australia:

Nebras Power, with its partners, completed the construction of a wind power project in Australia, which has a power generation capacity of 527.6 MW. Commercial operation of the plant started by the end of third quarter of 2022.

Oryx Project in Jordan:

Nebras, through its subsidiary, "Nebras Power Investment Management BV", continued to work on the necessary steps to complete the process of increasing its stake in several plants in the Kingdom of Jordan. These stations are located in the Manakher area, 15 km east of Amman. The acquisition is expected to be completed in the first quarter of 2023. Expansion of Nebras Power investments in Jordan comes as a result of its confidence in the Kingdom and the credibility enjoyed by the company in Jordanian energy market and its regulations over the past years.

THIRD: Commitment to the Corporate Governance System

The company is committed to applying the procedures contained in the governance system issued by the Qatar Financial Markets Authority. The Board of Directors reviews the governance practices and working to develop them in line with the changing needs. The company has taken several measures to apply the provisions of the governance system issued by the Board of Directors of Qatar Financial Markets Authority Resolution No. 5 of 2016, the most important of which are as follows:

- Amending the Company's Articles of Association to be in line with Companies Law No. (8) of 2021, amending some provisions of the Companies Law promulgated by Law No. (11) of 2015, and this will be presented to the Extraordinary General Assembly for approval, in accordance with Board Resolution No. (3) of 2022 in its fourth meeting held on 26th October 2022.

Setting the policies set forth in the Qatar Financial Markets Authority's Board of Directors Resolution No. (5) of 2016 as follows:

- Stakeholders and minority stakes, bonuses and salaries, related parties, dividend distribution, disclosure of information and communications, nomination and appointment policy, succession plan policy, and the policy of the insiders, and to be presented to the Ordinary General Assembly for approval.
- Approval of the share sale and purchase agreement between the Qatar Electricity and Water Company and the Qatar Energy to sell the entire 49% share of the Qatar Electricity and Water Company, in Siraj Energy Company, according to Board Resolution No. (5) of 2022 by circulation.
- All reports and requirements stipulated in the company's Articles of Association, the Corporate Governance Law issued by the Authority, and the Commercial Companies Law have also been disclosed and published in accordance with the established procedures and deadlines.

The Corporate Governance report for the year 2022 is included in the Annual report, for approval by the general assembly of the company.

FOURTH: Corporate Social Responsibility:

The company believes in its roles and responsibility in the development and advancement of society, preservation of the environment through its effective and active participation in the corporate social responsibility system. The company is providing support to a number of health, educational, cultural, artistic, social, humanitarian, sports and environmental centers and institutions, in addition to sponsoring and supporting some scientific and intellectual conferences and seminars that aim to serve the development of civil society institutions on their various activities and goals. The total contributions of the company for such activities during the year amounted to QR 1,339,825 (Qatari Riyals one million three hundred and thirty-nine thousand eight hundred and twenty-five).

FIFTH: Occupational Safety and Security:

The company considers the implementation of security and safety measures as one of its most important priorities and obligations towards its employees. The Company's Security, Fire and Safety Department works to implement all safety and occupational health requirements that ensure the provision of a safe environment that achieves protection from risks for the human and property. The company applies international standards and professionalism in safety and security, by providing all precautions and public safety means to preserve the safety and lives of workers. To save them from potential dangers that may occur as a result of any deficiency or negligence in maintaining public safety conditions and ensuring the safety of equipment, machinery, and property of the facility, by taking care of the surrounding environment and by not polluting it in any way.

The company and its subsidiaries, achieved a high rate of working hours without serious accidents or injuries during the year 2022, except one fatality incident, which happened as a result of employee negligence, during the year 2022. The Qatar Electricity and Water Company also obtained the ROSPA Gold Award certificate at the annual ceremony held by the British Royal Society for the Prevention of Accidents (ROSPA), which is considered as a non-profit humanitarian association linked to technical cooperation with the NEBOSH, the international organization specialized in safety and security.

SIXTH: Administrative Development and Qatarization

In accordance with the general policy of the company, it seeks to introduce all that is new in the world of management and apply it in proportion to the size and activity of the company in order to continuously develop its staff and achieve its objectives efficiently and effectively. This raises the level of efficiency in its production and services, and enhance customer confidence, which in turn helps to achieve higher profits.

The strategy of the Qatar Electricity and Water Company, through the Qatarization Committee, which includes members of the Qatar Electricity and Water Company and its seven subsidiary companies, aims to increase the employment rate of Qatari and bring them into leadership positions in the company and its subsidiaries. The company is also working with the universities, institutes and training centers, accredited at home and abroad with the aim of developing and training Qatari employees.

The total number of Qatari employees in the company at the end of 2022 was 145. The number of Qatari employees sent for university studies was 4 and the number of Qatari employees under training reached 8. Out of the total 458 employees in the company, the percentage of Qatarization in the company is 31.6% and the company aspires to raise this percentage by employing Qatari employees in leadership positions, followed by other positions.

May Allah Bless us.

Saad Bin Sherida Al-Kaabi,
Chairman of the Board of Directors

Muhammad Nasser Al-Hajri,
Managing Director and General Manager



QATAR ELECTRICITY AND WATER COMPANY **CORPORATE GOVERNANCE REPORT 2022**

Based on the governance systems issued by the
Board of Directors of Qatar Financial Markets
Authority No. (5) For Year 2016

Introduction:

The company applies specific governance procedures to develop its performance in general and to support the public interest, the interests of the company and stakeholders and gives it an advantage over any interest, the company also provides a reassuring guarantee to the board of directors by monitoring the company's practices from within and established principles of transparency and accountability, justice and equality. This is done by implementing the Commercial Companies Law (11) of 2015 and its amendments and the corporate governance framework for companies and legal entities listed on the main market, published by the Qatar Financial Markets Authority on 10 November 2016. In addition to all regulations, legislation and circulars issued by the Authority and the Qatar Stock Exchange. To establish the principles of transparency and disclosure, the Board of Directors constantly reviews its governance practices by adding necessary amendments from time to time.

First: Governance applications and adherence to its principles:	<p>The Board undertakes to apply the principles of governance listed in the text of article (3) of the Governance System. The Board also continuously reviews and updates the governance applications and undertakes to apply the best principles of governance, as it undertakes to develop the rules of professional conduct that embody the values of the company and the periodic review of its policies and alliances and their internal procedures to which board members, managers, consultants and employees must adhere.</p> <p>The corporate governance report is an integral part of the annual report of the company, and is attached to it after being signed by the Chairman and the most recent of which was the 2021 report which was approved by the General Assembly on March 14, 2022.</p> <p>The corporate governance report includes the company's commitment to apply the provisions of the corporate governance system and includes all information related to the application of its principles and provision</p>	
Second: The procedures followed by the company in order to implement the system's provisions	<p>Based on the Board's continuous review of the governance procedures and the continuous and periodic updating of its applications, the Board adopted several measures during the year 2022, the most important of which are:</p> <ul style="list-style-type: none"> - Approval of necessary amendments to the Articles of Association in accordance with the provisions of Companies Act No. (8) of 2021 amending certain provisions of the Companies Act published by Act No. (11) of 2015 pursuant to a resolution of the Board of Directors 17 April 2022 Resolution No. (3) of 2022 at its second meeting on October 26, 2022 and the decision and amendments of the Board of Directors (3) for 2022 at the fourth meeting of the Board of Directors on October 26, 2022, the amendments were summarized as follow: • Amending Article (1) by amending its conditions and articles of association in accordance with the provisions of Law No. (8) of 2021, and changing the expressions "Qatar Petroleum", "Ministry of Economy and Trade" and "Account Controller" wherever mentioned in this Articles of Association or the founding document with the phrase "Qatar Energy". The Ministry of Commerce and Industry and the auditor. • Amendment of Article (9) Shareholders Register: "Each shareholder may view this register free of charge in connection with his contribution, in accordance with the controls determined by the Authority and the depository in this regard." A copy of the data contained in the register and every change made thereto shall be sent to the Companies Control Department within a maximum period of two weeks from the date set for the annual meeting of the General Assembly, or from the date of making the amendment. • - Amending Article (14) by adding, "Non-Qataris may own a total percentage of the company's capital at 100% of the company's shares." 	<ul style="list-style-type: none"> • - Amending Article (26) "The company is managed by a board of directors consisting of eleven members as follows: First: Representatives of the State of Qatar, who are: 1. The Minister concerned with energy as Chairman. 2. A member appointed by Qatar Energy. 3. Two members appointed by the Qatar Investment Authority They represent Qatar Holding Company, and one of them is Vice-Chairman 4. A member appointed by the General Retirement and Social Insurance Authority (Civil Pension Fund) as its representative Second: Representatives of the private sector, who are: Six members, who are elected by the rest of the shareholders, through the Ordinary General Assembly company, by cumulative ballot. • Amending Article (27) by adding: And that the majority of its members are not working full-time to manage the company or receive a wage in it." • Amending Article (30) by adding, "It is prohibited to combine the chairmanship of the board with any executive position in the company, or between the chairmanship of the board and the membership of any of the board committees stipulated in the governance system issued by the Qatar Financial Markets Authority." • -Amending Article(34)by adding "..the meeting shall be replaced by the approval of the Board of Directors by circulation. The Board of Directors may, in case of necessity and for reasons of urgency, issue some of its decisions by circulation, provided that all members of the Board of Directors agree in writing to those decisions, provided that they are presented at the meeting next to the Council, to include it in the minutes of its meeting. • Amending Article (36) by adding the phrase "not consecutive in the fiscal year." • Amendment of Article(40)by adding "and the Board of Directors' report, at least one week away, as a detailed statement including the following data: 1- All sums received by the Chairman of the Board of Directors of the company and each member of this Board in the fiscal year, fees for attending Board meetings, allowances for expenses, and any other amounts of any capacity whatsoever. 5 - Transactions and deals in which any of the Chairman and members of the Board of Directors and members of the senior executive management have an interest that conflicts with the interest of the company and require disclosure or prior approval, in addition to the details of those transactions and deals. 8 Allowances paid to any member of the senior executive management in the company. • Amending Article (41) by adding, "With the approval of the General Assembly, it is permissible for the members of the Board of Directors to obtain a lump sum in the event that the company does not achieve profits." • Amending Article (42) by adding, "The General Assembly may be held through modern technology means, in accordance with the controls specified by the Ministry."

- Amending Article (43) by adding “If a number of shareholders representing at least (5%) of the company’s capital requested the inclusion of certain issues in the agenda, the Board of Directors must include them, otherwise the General Assembly has the right to decide to discuss these issues in the meeting.”
- Amending Article (45) by adding, “Voting in the General Assembly shall be by show of hands, or in any other way determined by the General Assembly. The shareholder’s participation in the deliberation and voting of the General Assembly may be electronic, in accordance with the controls set by the Ministry, and in coordination with the Authority.”
- - Amending Article (47) by adding “The Board of Directors invites all shareholders to attend the meeting of the General Assembly by announcing it on the website of both the company and the financial market, and by announcing it in a local daily newspaper issued in the Arabic language, or by any other means that benefits information. The announcement must be made At least twenty-one days prior to the date set for the General Assembly meeting.
- - Amending Article (48) by adding “7. Discussing and approving the governance report.”
- Amending Article (49) by adding, “In the last two cases, the Council shall extend the invitation within fifteen days from the date of the request.”
- Article (53) by adding “6. Carrying out any transaction, deal, or several related transactions or deals, within a year from the date of the first transaction or deal, aimed at selling the company’s assets or carrying out any other action on the current or future assets, if The total value of any of the above is equal to (51%) or more of the market value of the company or the value of its net assets according to the last announced financial statements, whichever is less. The Extraordinary General Assembly shall provide sufficient details of the disposal and its terms and conditions.
- Amending Article (59) by adding “and it may re-appoint them, provided that the appointment period does not exceed three consecutive years, unless the Assembly decides otherwise. The auditor must be one of those registered in the auditors’ register stipulated in Law No. (30) of 2004 and its amendments in Law No. (8) for the year 2020 regulating the auditing profession, or any subsequent amendments thereto.
- Amending Article (65) by adding, “The Company shall publish semi-annual financial reports in the daily local newspapers issued in the Arabic language and on the company’s website for the perusal of the shareholders, provided that these reports are reviewed by the auditor, and published in accordance with the relevant law and regulations.”
- Amending Article (68) by adding: “Dividends shall be paid to shareholders in accordance with the applicable regulations and controls of the Qatar Financial Markets Authority and the Financial Market.”

- And adding the following article to the Articles of Association: “None of the chairman and members of the Board of Directors and members of the senior executive management may participate in any business that would compete with the company, or trade for his own account or for the account of others in one of the branches of the activity that the company practices, unless this happens.” With the approval of the General Assembly, otherwise the company may claim compensation from him or consider the operations he has undertaken to have been conducted for its own account. Each of the Chairman and members of the Board of Directors and members of the senior executive management must disclose to the Board any interest, direct or indirect, that he may have. In dealings and deals that are made for the account of the company. The disclosure must include the type, value, and details of those transactions and dealings, the nature and extent of the member’s interest, and a statement of the beneficiaries thereof. If the total value of the transactions and transactions stipulated in the previous clause is equal to or more than (10%) of the company’s market value or the value of the company’s net assets According to the last announced financial statements, whichever is lower, prior approval of the General Assembly must be obtained after those dealings and transactions are evaluated by the auditor.”
- And an amendment to delete the following paragraph of Article (44) “Each shareholder, when voting, shall have a number of votes equal to the number of his shares. However, with the exception of legal persons, it is not permissible for a shareholder, whether in his capacity as principal or as a representative, to have a number of votes exceeding 25% of the number of votes prescribed for the shares represented in the meeting.

The Board decided to submit it to the Extraordinary General Assembly, which is expected to be held on March 14, 2023, for approval.

Approval of determining the ceiling for non-Qataris’ participation in the Qatar Electricity and Water Company to reach 100% and in accordance with the provisions of Article (7) of Investment Law No. (1) of 2019 and in accordance with the Cabinet Resolution issued on 8/18/2021 by the Board of Directors’ decision No. (3) for the year 2022 at its second meeting on April 17, 2022.

- Approval of the policies set forth in the Qatar Financial Markets Authority’s Board of Directors Decision No. (5) Of 2016, which are the following: Stakeholders and minority stakes policy, bonuses and salaries policy, related parties policy, dividends distribution policy, information and communication disclosure policy, nominations and appointments policy, insider’s policy, and succession plan
- Approval of the share sale and purchase agreement between Qatar Electricity and Water Company and Qatar Energy Company to sell the entire share of Qatar Electricity and Water Company, which amounts to (49%) in Siraj Solar Company, according to Board Resolution No. (5) of 2022 by circulation, and it will be presented to the Ordinary General Assembly It is expected to be held on 14/3/2023, and the Qatar Financial Markets Authority and the Qatar Stock Exchange were notified, in implementation of the governance system, and it was published on the company’s website.

Third: Violations committed during the year and signed sanctions	<p>An investigation was conducted with the company by the Qatar Financial Markets Authority regarding non-compliance with the provisions of the corporate governance system article (8-18-19-25-36) and the legal entities listed on the main market and the company took the necessary measures during 2022. The Company held (6) meetings in 2022 and due to lack of quorum, the third meeting of the Board of Directors scheduled for July 17, 2022 was postponed. During that decision, the Board of Directors adopted Resolution No. 4 for the year 2022 confirming the financial results for the six months ending June 30, 2022.</p>																	
Fourth: Board of Directors:	<p>- Board Formation:</p> <p>According to the Law and Article (26) of the amended and documented company articles of association on 17/6/2019, the board of directors shall be composed of eleven members, as follows:</p> <p>First: The representatives of the State of Qatar:</p> <p>1- The Minister of State for Energy Affairs as a Chairman</p> <p>2- A member appointed by Qatar Energy</p> <p>3 -Two members appointed by the Qatar Investment Authority, representing Qatar Holding Company, one of whom shall be a vice-president</p> <p>4- A member appointed by the General Pension and Social Security Authority (Civil Pension Fund) as his representative</p> <p>The rest of the members are elected through the general meeting of the company and the independent members make up more than one third of the board of directors, and all board members are non-executives except for the General Manager and Managing Director, Mr. Muhammad Nasser Al-Hajri, and the following list shows the members of the Board during the year 2022, their capacities, and the entities they represent.</p> <table border="1"> <thead> <tr> <th rowspan="2">Name</th> <th colspan="2">Statement</th> </tr> <tr> <th>Membership status</th> <th>Entity they represent</th> </tr> </thead> <tbody> <tr> <td>His Excellency Mr. Saad Bin Sharida Al- Kaabi</td> <td>Chairman of Board of Directors Non-executive - non-independent</td> <td>Minister of State for Energy Affairs, Government of Qatar</td> </tr> <tr> <td>Mr. Faisal Bin Abdul Wahid Al – Hamadi</td> <td>Deputy chairman of the board</td> <td>Qatar Investment Authority Government of the State of Qatar</td> </tr> <tr> <td>Mr. Fahad Bin Abdullah Al-Mana</td> <td>Non-executive - non-independent</td> <td>Qatar Investment Authority Government of the State of Qatar</td> </tr> <tr> <td>Mr. Abdullah Bin Khalifa Al-Raban</td> <td>Non-executive - non-independent</td> <td>General Retirement and Social Insurance Authority -Government of the State of Qatar</td> </tr> </tbody> </table>	Name	Statement		Membership status	Entity they represent	His Excellency Mr. Saad Bin Sharida Al- Kaabi	Chairman of Board of Directors Non-executive - non-independent	Minister of State for Energy Affairs, Government of Qatar	Mr. Faisal Bin Abdul Wahid Al – Hamadi	Deputy chairman of the board	Qatar Investment Authority Government of the State of Qatar	Mr. Fahad Bin Abdullah Al-Mana	Non-executive - non-independent	Qatar Investment Authority Government of the State of Qatar	Mr. Abdullah Bin Khalifa Al-Raban	Non-executive - non-independent	General Retirement and Social Insurance Authority -Government of the State of Qatar
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<p>the appointment of the current board is done through the ordinary general meeting held on March 15, 2020, For a period of three years, Mr. Mohammed Bin Nasser Al-Hajri was appointed as a member representing Qatar Energy on 1/1/2021, succeeding Mr. Fahad Bin Abdullah Al-Mana, and His Excellency Sheikh / Suhaim Bin Khalid Bin Hamad Al Thani was appointed as a successor to Mr. Salman Bin Abdullah Abdul Ghani in accordance to the letter of the Qatar Navigation Company on 7/4/2021.</p> <p>The decisions of the Board are issued by majority in accordance with the text of Article (34) of the main statute and in a manner that does not violate the provisions of the law in this regard.</p> <p>According to the provisions of Article (98) of the Companies Law, with the exception of the representatives of the State of Qatar, none of the members of the Board of Directors, whether in person or in his capacity, is a Chairman or Vice-Chairman of more than two companies whose headquarters are located in the State, nor a member of the Board of Directors of more than three companies whose headquarters are located in the country,</p> <p>He is not a managing director in more than one company whose head office is in the country, and he does not combine the membership of two boards of directors of two companies that carry out a homogeneous activity. His Excellency the Chairman of the Board of Directors does not exercise any executive position in the company, and he is not a member of any of the board committees.</p> <p>Both the Chairman and the members of the Board have submitted a certificate to the Secretary in the portfolio prepared for this purpose, in which each of them agrees not to combine the positions that are prohibited by law and the provisions of the governance system.</p>

Tasks and main functions of the Board:

The board represents all the shareholders and exercises the necessary care in managing the company effectively and productively so as to reach the interests of the company, partners, shareholders and stakeholders and provide public benefits and investment development for the state and the community and has a responsibility to protect shareholders from illegal, arbitrary or any other activity or practice or decisions that could harm them, discriminate against them or empower one group of another.

The Board of Directors has the broadest powers in the management of the company and its powers are not limited to what is provided for by law, by the articles of association or by the decisions of the General Assembly, and its members are collectively responsible directly for the decisions issued by the Board (Article 32 of the Basic Law), and the list of the Board includes the functions and the tasks set out in article (8) of the new governance system.

Meeting invitation:

The Board meets based on the invitation of its President and the Chairman invites the Board to the meeting whenever at least two of the members request it, and the invitation must be sent to each member accompanied by the agenda at least two weeks before the fixed date and any member can request the addition of one or more items on the agenda in accordance with the text Article (34) of the Basic Law and articles (16-18-19) of the Statute of the Board.

Board meetings:

In accordance with the provisions of article (34) of the Basic Law and article (20) of the Board regulations, the Board holds six meetings - at least - during the year and three months cannot pass without one meeting and the Board meeting it is not valid unless the majority of the members are present, including Chairman and Vice Chairman.

The Board of Directors held (6) meetings during the year 2022, and this was done in person and using the Microsoft Teams visual communication technology, and due to the lack of a quorum, the third meeting of the Board, scheduled to be held on July 17, 2022, was postponed, and the Board issued during that Resolution 4 by passing for the year 2022 approving the financial results For the six months ending 30 June 2022.

An absent member may be replaced in writing by another board member to represent him in attendance and voting, provided that a member does not represent more than one member from the board. If a board member is absent from attending three consecutive or four non-consecutive meetings without an excuse acceptable to the board, he is considered dismissed -Article (36) of the Basic Law. It is allowed to participate in the board meeting using one of the guaranteed means of recognized modern technology, allowing the participant to listen and participate effectively in the work of the board and to make decisions.

and most of the members attended the Board sessions and no one was absent without an excuse or without permission for three consecutive or four non-consecutive meetings according to law.

Board decisions:

The Board of Directors has the widest powers to manage the company and has direct responsibility for all the activities required by this management in accordance with its purpose. This authority is not limited to anything provided for in the law or the governance system issued by the Board of Directors of the Qatar Financial Markets Authority or this system or the decisions of the General Assembly in accordance with the text of Article (32) Of the articles of association, the Board is exclusively alone in issuing decisions in the following matters, below are some examples:

- Approve the strategic plan and the main objectives of the company and supervise its implementation
- Approval of the construction of projects and approval of their cost
- Approving the general budget and annual balance sheet of the company.
- Approval of the company's executive regulations
- Approval of nominations for appointment to management positions

In a way that does not contravene the provisions of the law on the matter, the decisions of the board are issued by the majority of the votes of the participants and the representatives and, in case of equality in the number of votes, the side from which the chairman of the assembly is weighted according to the provisions of article (34) of the Basic Law. A record of each meeting must be drawn up, specifying the names of the members present and absent, showing what happened during the meeting, and must be signed by the chairman of the meeting and the secretary, and any member who has not agreed on any decision taken by the board should demonstrate his opposition in the minutes of the Article (39) of the Basic Law.

The Board of Directors may, if necessary and for urgent purposes, issue some of its decisions with approval, provided that all of its members agree in writing with these decisions and that they are presented at the next meeting of the Board, to be included in the minutes of meetings. The Board issued six passing decisions during the year 2022 and they were included in the Board meetings after its issuance.

- Board of Directors Resolution No. (1) for the year 2022 by circulation regarding the sale and assignment of the entire plot of land owned by the company in the Marina Lusail area to Regency Land Real Estate Projects Company.
- Board of Directors Resolution No. 2 by circulation for the year 2022 to renew the credit facilities loan.

- Board of Directors Decision No. 3 by circulation for the year 2022 the decision to enter into a credit facilities agreement.
- Board of Directors Resolution No. 4 by circulation for the year 2022 approving the financial results for the six months ending on June 30, 2022.
- Board of Directors Resolution No. 5 by circulation for the year 2022 - assignment of Siraj Energy shares in favor of Qatar Energy.
- Board of Directors Resolution No. 6 of 2022 by circulation - renewing the capital financing loan agreement.

Contributions of members of the Board of Directors and executives, and who owns more than 5%:

Name	position	Number of shares	Percentage of ownership
Qatar Holding Company	member	308,948,750	28.09
The Retirement and Pension Fund, the General Retirement and Social Insurance Authority	member	158,450,717	14.40
Qatar Energy	member	118,166,440	10.74
Qatar navigation	member	50,440,120	4.59
National Bank of Qatar	member	7,391,136	0.67
Al Jaidah Motors Trading Co	member	5,225,000	0.47
Qatar Insurance Company	member	2,200,000	0.2
Hamad Jassem Mohammed Jassem Al Thani	member	2,200,000	0.2
Adel Ali Bin Ali Al-Muslimani	member	2,200,000	0.2

The Secretary:

Mr. Ahmed Mohamed Al-Abd Al-Malik (with more than 20 years of experience) assumes the duties of the Secretary of the Board based on the Board Resolution No. (9) of 3/7/2019, and he records and coordinates all the minutes of the Board's meetings, records, books, and reports submitted to and from the Board.

The secretary assists the president and all board members in their tasks, and is committed to conduct all the council's work in accordance with the provisions of Article (16) of the Board Regulations and Article (17) of the Governance System.

Board Committees:

The Board formed Three commissions in accordance with its resolution no. (2) of 2017, include the framework of each commission and its functions in accordance with the text of article (18) of the Governance Act, The Nominations, Remunerations, and Salaries Committee was merged according to Resolution No. (7) in its third meeting of 2020, and it is as follows:

First:

The Nominations Committee: Under the chairmanship of His Excellency Mr. Nasser Bin Khalil Al Jaidah and by the membership of each of His Excellency Sheikh / Suhaim Bin Khalid Al Thani and Mr. Fahad Bin Abdullah Al-Mana having the necessary skills to exercise its mandate.

Among its competences is setting general principles and criteria for selecting new members of the Board of Directors, receiving applications for candidacy for membership of the Board of Directors, submitting the list of candidates for membership of the Board of Directors to the Board, including its recommendations in this regard, sending a copy to the Qatar Financial Markets Authority, developing a draft succession plan in the management of the company, and nominating whom it deems appropriate to fill any senior executive management position, and submit an annual report to the Board of Directors, including a comprehensive analysis of the Board's performance to identify strengths and weaknesses, and proposals in this regard.

At its first meeting on February 19, 2023, the Committee submitted a report on the evaluation of the Board of Directors' work and a report containing a recommendation on determining the remuneration of the members of the Board of Directors and the CEO.

The Committee also presented the nomination and appointment policy, as well as the remuneration and salary policy, approved by the Board of Directors and submitted to the Ordinary General Assembly for approval on 14.03.2023.

The committee held (3) meetings, and we give a summary of the committee's work and its meeting:

- The Committee held its first meeting on 10/01/2023 and discussed the procedures for opening the door for nomination for membership of the Board, the timetable for completing the electoral process, reviewing the nomination form and the conditions for nomination in accordance with the governance system and corporate law, and presenting the announcement of opening the door for nominations, and all of the above were approved.
- The committee held the second meeting on 29/1/2023 and discussed the Board of Directors performance report for the year 2022 and a report on the candidates for Board membership for the next session 2023-2025. The reports were approved by the Committee to be presented to the Board of Directors for approval in its meeting held on 19/2/ 2023.
- The Committee held the third meeting on 08/02/2023 to raise the recommendation of the Board of Directors' remuneration for the year 2022 in the amount of 11,750,000 million Qatari riyals, and to submit the recommendation to the Board of Directors in the first meeting held on 19/2/2023 for approval and submit it to the General Assembly for approval.

Second: Audit Committee:

chaired by His Excellency Sheikh / . Hamad Bin Jabor Bin Jassim Al-Thani (independent) and the membership of His Excellency Sheikh / Suhaim Bin Khalid Al Thani and Mr. Abdullah bin Khalifa Al-Raban, and none of them had previously audited the company's accounts during the two years preceding the candidacy for membership of the committee directly or indirectly, and they have the expertise necessary to exercise the committee's competencies, and the committee submitted its report to the Board at its first meeting on February 19, 2023, including the nomination of the external auditor for the fiscal year 2023.

The committee held (6) meetings during the year 2022, and we provide a summary of the work of the committee and its meeting:

- The Committee held its first meeting on 13/2/2022 and discussed the financial results for the year 2021 with the Director of Finance, the work done for the year 2021 with the external auditor (EY) and developments in the internal audit projects.
- The Committee held the second meeting on 17/4/2022 and discussed the financial results for the first quarter of 2022 with the Director of Finance, the audit plan proposed by the external auditor (KPMG) for 2022, developments in internal audit issues, and progress in the annual audit plan.
- The Committee held the third meeting on 14/9/2022 and discussed developments in internal auditing, progress in the annual audit plan, and reviewed the (SAB) project and follow-up on audit activity.
- The Committee held the fourth meeting on 19/10/2022 and discussed the financial results for the third quarter with the Director of Finance, presented the objectives and observations reached by the external auditor for the year 2023, and presented the final report related to the draft strategy for the year 2022.
- The Committee held the fifth meeting on 9/11/2022 and discussed the internal audit budget for the year 2022 and it was presented to the Committee for later approval.
- The Committee held its sixth meeting on 12/12/2022 and discussed developments in the audit projects, the (SAB) project, and the presentation and approval of the audit plan for the year 2023.

Third: Investments Committee:

Headed by Mr. Faisal Bin Abdul Wahid Al – Hamadi - Vice Chairman of the Board of Directors - with the membership of Mr. Nasser Bin Khaleel Al-Jaidah, Mr. Adel Ali Bin Ali, Mr. Mohammed Bin Nasser Al-Hajri, and Mr. Fahad Bin Abdullah Al-Mana. It was formed pursuant to Board of Directors Resolution No. (12) In its first meeting on 14/2/2021 and the committee undertakes the management and follow-up of the company's investments, and submits a report to the Board at each meeting on the latest developments of the aforementioned investments and its new proposals in this regard.

The committee held (6) meetings during the year 2022

- The committee held the first meeting on 10/02/2022 and discussed the company's investments in the Qatar Stock Exchange, the company's projects, Siraj 1 project, Nibras projects, and the offer submitted by Qatar Insurance Group to manage the company's assets on the Qatar Stock Exchange. The committee agreed to terminate the contract with QInvest and to hand over their portfolio to Qatar Insurance Group. In addition, hand over some shares from the company's own portfolio to asset managers.
- The committee held its second meeting on 10/03/2022 and discussed financing the acquisition of Nebras and the company's cash flow statement for a period of ten years. The committee requested further study before making the final decision regarding financing the acquisition of Nebras.
- The committee held the third meeting on 20/04/2022 and discussed the company's investments in the Qatar Stock Exchange, the company's projects, Siraj 1 project and Nebras projects financing the acquisition of Nebras, and a presentation was submitted to the committee by the company regarding its portfolio in the Qatar Stock Exchange
- The Committee held the fourth meeting on 08/09/2022 and discussed the company's investments in the Qatar Stock Exchange, the company's projects, Siraj 1 project and Nibras projects.
- The Committee held the fifth meeting on 05/10/2022 and discussed the sale of company shares in Siraj Energy and the renewal of the long-term service agreement for the RAF B2 station with GE. The Committee approved the proposed price for selling the company's shares in Siraj Energy Company. In addition, the committee approved a proposal to renew the long-term service agreement for RAF station B2.
- The Committee held its sixth meeting on 12/12/2022 and discussed the company's investments in the Qatar Stock Exchange, the share sale project on the Qatar Stock Exchange, and the company's projects. The committee agreed to continue selling the shares in 2023 and established new guidelines for the sale.

The work of the committees:

According to the decision to form the committees referred to in the previous clause, none of the members will chair more than one of the committees set up by the Board and the head of the audit committee is not a member of any other committee and the convening of the committee is valid only in the presence of its president and the majority of its members. A record of each meeting shall be drawn up, indicating what took place in the meeting, and shall be signed by the committee's chairman.

Evaluation of the committees:

Evaluation of the committees emanating from the Board of Directors and the evaluation of the senior executive management:

The Board of Directors evaluates the work of the three committees, and ascertains the extent to which the members are committed to achieving the interests of the company by attending committee meetings and carrying out the work stipulated in the governance system, the internal regulations of the Board of Directors, and the directives and instructions issued by the Chairman of the Board. The Board also approved the reports submitted by the committees Each according to its specialization, which includes the work it carried out during the year 2022 AD and its recommendations.

The Board of Directors evaluates the senior executive management regarding the implementation of the internal control system and risk management, including determining the number of grievances, complaints, suggestions and communications.

Name	Schedule of attendance at meetings of the members of the Board of Directors				
	General Assembly	Board of Directors	Nominations Remunerations and Salaries Committee	Audit Committee	Investments Committee
His Excellency Mr. Saad Bin Sharida Al-Kaabi	1/1	6/6			
Mr. Faisal Bin Abdul Wahid Al-Hamadi	1/1	6/6			6/6
Mr. Fahad Bin Abdullah Al-Mana	1/1	6/6	3/3		6/6
Mr. Abdullah Bin Khalifa Al-Raban	1/1	6/6		6/6	
Mr. Mohammed Bin Nasser Al-Hajri	1/1	6/6			6/6
His Excellency Sheikh / Hamad Bin Jabor Bin Jassim Al-Thani	1/1	6/5		6/6	
His Excellency Sheikh / Saud Bin Khalid Al-Thani	1/1	6/5			
His Excellency Sheikh / Suhaim Bin Khalid Al-Thani*	1/1	6/6	3/3	3/6	
His Excellency Sheikh / Hamad Bin Jassem Al-Thani	1/1	6/5			
Mr. Adel Ali Bin Ali	1/1	6/4			6/6
Mr. Nasser Bin Khaleel Al-Jaidah	1/1	6/5	3/3		6/6

- His Excellency Sheikh / Hamad Bin Jabor Bin Jassim Al-Thani delegated to attend the third meeting Mr. Faisal Bin Abdul Wahid Al-Hamadi
- His Excellency Sheikh / Saud Bin Khalid Al-Thani delegated to attend the second meeting Mr. / Mohammed Bin Nasser Al-Hajri.
- His Excellency Sheikh / Hamad Bin Jassem Al-Thani delegated to attend the third meeting His Excellency Eng. Saad Bin Sharida Al-Kaabi
- Mr. Adel Ali Bin Ali delegated to attend the third and fourth meeting Mr. Mohammed Bin Nasser Al-Hajri
- His Excellency Mr. Nasser Bin Khaleel Al-Jaidah delegated to attend the fourth meeting His Excellency Eng. Saad Bin Sharida Al-Kaabi

Senior Executive Management

- Mr. Mubarak Nasser Al-Nasr - CEO of Ras Abu Fontas power generation and water desalination plants in Qatar Electricity and Water Company since January 2021, and before joining the company, he held the position of Managing Director of Ras Laffan Energy Company for a period of 11 years (2010 to 2020), and holds Mr. Al-Nasr holds a Bachelor's degree in Mechanical Engineering from Qatar University.
- Mr. Abdul Rahman Nasrallah Al-Emadi has been appointed as Director of Business Development at the Qatar Electricity and Water Company since January 2021. He has nearly 30 years of experience in the energy and water sector. He previously held the position of CEO at the power and water generation stations in Ras Abu Fontas. (RAF) for 5 years (2016-2020). Mr. Al-Emadi holds a Bachelor's degree in Mechanical Engineering from Qatar University.
- Mr. Rashid Nasser Al-Hajri has been appointed as Director of Public Relations and Shareholders Affairs in the company since January 2010. He has been in the position since his appointment in 2003 and held the position of Head of Communication and Media for 4 years (2007 to 2010). Mr. Al-Hajri holds a diploma in management and a diploma in protocol Etiquette and public relations.
- Ms. Shuaib Al-Qahtani - has been appointed as Director of the Human Resources Department at the Qatar Electricity and Water Company since May 2018, and has held the position of Head of the Warehouse Department in the Qatar Electricity and Water Company, including all warehouses affiliated with the company's stations for a period of 8 years (2010 to 2018), and she has a variety of experience since her appointment. In 2000, she worked in the Laboratories Department / Operations Department for a period of (7) years, and a period in the Planning Department. Mrs. Al-Qahtani holds a Bachelor's degree in Chemistry from Qatar University.

	<ul style="list-style-type: none"> Mr. Hamad Mohammed Sheikhan has been appointed Director of Procurement at the Qatar Electricity and Water Company since December 2020, and has held the position of Head of the Procurement Department at the Qatar Electricity and Water Company for 15 years (2006 to 2020). Mr. Sheikhan holds a Master's degree in Business Administration with distinction with honors. The first from the University of Aberdeen, and a BA in Business Administration from Qatar University. The senior executive management seeks to achieve the public interest and the company's objectives by exercising the powers and carrying out the responsibilities stipulated in the contract, the company's articles of association, the Commercial Companies Law and its amendments, the corporate governance system, the company's internal regulations, and the work assigned to it according to the decisions issued by the Board of Directors. Management in order to conduct business in the company. <p>Remunerations of board members and senior executive management:</p> <p>The remuneration of the President and members of the Board of Directors for the services they perform through the General Assembly is determined so as not to exceed 5% of the annual net profits according to the text of article (39) of the Articles of Association. No compensation has been paid to the Board of Directors that exceeds the aforementioned percentage since the establishment of the company and the remuneration of the President and members of the Board for the 2022 fiscal year was approved at 0.69% of the value of the net profit according to a decision of the Ordinary General Assembly of March 14, 2023. With a total amount of 11.75 million Qatari riyals.</p> <p>The Board of Directors determines the remuneration of the Board committees, and the remunerations for the fiscal year 2022 were approved at the first meeting of the Board of Directors held on February 19, 2023, with a total amount of QR 290,000 for the Nominations, Rewards and Salaries Committee, a total amount of QR 290,000 for the Audit Committee, and a total amount of QR 450,000 for the Investments Committee.</p> <p>According to the regulations in force in the company, the occupants of the positions of the senior executive management are not paid any bonuses, and the periodic bonus and the fixed annual bonus are paid to all employees in the company, and it is calculated (50%) based on the annual evaluation of the employee's performance, and (50%) for the goals and standards (KPI). achieved by the company.</p>
Fifth: Internal control and monitoring	<p>The Board of Directors is fully responsible for the internal control system in the company, and policies, guidelines and controls have been established to determine the limits of responsibility and performance to monitor the mechanisms, and the company's general management is responsible for the general control of these systems with department managers, heads of departments and business is evaluated through the internal financial controller and the external auditor.</p>

	<p>Ernst and Young, and the Auditor presented his report to the General Assembly on 14/3/2022 and read it, and it was approved by the General Assembly. A copy of it was sent to the commission, including all the oversight work, as stipulated in the text of Article (24) of the Governance Law.</p> <p>Ernst & Young's office was re-assigned as auditors of the company's accounts for a year at the regular general assembly meeting on 15/3/2020, and he conducted a quarterly, semiannual and annual review of the company's financial statements for 2020 according to what is prescribed by the laws and procedures related, and will present his annual report to the general assembly to be held on 8/3/2021.</p> <p>The KPMG office has been assigned as auditors of the company's accounts for a year, at the Ordinary General Assembly meeting on 14/3/2022, and it has conducted a quarterly, semi-annual and annual review of the company's financial statements for the year 2022 AD in accordance with what is decided by the relevant laws and procedures, and it will He submits his annual report to the General Assembly to be held on 14/3/2023.</p>
Seventh: Disclosure:	<p>The company has adopted a policy for disclosing information and communications, and it will be presented to the General Assembly, which is expected to be held on 14/3/2023. The Company is committed to the disclosure requirements, including financial reports, and the number of shares held by the Chairman and members of the Board, Senior executive management, senior shareholders or controlling shareholders, as well as the disclosure of information about the chairman and members of the board and its committees and their scientific and practical experience as shown in their curriculum vitae, and whether any of them is a member of the board of directors of another company or of its senior executive management or a member of any of its board committees through the basic periodic data Sent to the Authority and the Stock Exchange and published on the company's website. No information shall be published or disclosed until it has been submitted to the Board for approval. With regard to the disclosure of disputes or deductions to which the company is a party, including arbitration and litigation, There is a financial claim with the Qatar General Electricity and Water Corporation (Kahramaa) and it has been agreed to refer it to the expert to express an opinion, and no decision has been issued in this regard. there are no issues or deductions affecting the company's activity except for those related to some of the employees 'financial dues which are within the normal activity of the company.</p> <p>The members of the Council signed the governance declarations for the year 2022, including not combining positions and jobs according to legal requirements, and the forms were kept with the Secretary of the Council</p>
Eight: Conflict of Interest	<p>The company has adopted and published on its website a conflict of interest list, to ensure that the company, its employees and members of its board of directors adhere to the internationally recognized rules, standards and professional controls, to enhance the confidence of others in the integrity of the company and its employees at all levels, and according to Article (33) of the Board's regulation, the President or any member may not have a direct or indirect interest in the contracts or</p>

<ul style="list-style-type: none"> Equality of shareholders' rights: The shareholders are equal and have all rights deriving from ownership of the stock in accordance with the relevant legal provisions and regulations and decisions. The articles of association of the company include the procedures and guarantees necessary for all shareholders to exercise their rights, in particular the right to dispose of the shares, the right to obtain the prescribed portion of dividends, the right to attend the general meeting and to participate in its deliberations and to vote on its decisions, as well as the right to access and request information that does not affect the interests of the company. This complies with the provisions of articles (9-11-19-40 -44 - 47 - 54 - 56) of the Basic Law. - The shareholder's right to receive information: Articles (9) and (40) of the Articles of Association of the Company include the right of the shareholder to obtain information which enables him to exercise his rights in full, without prejudice to the rights of other shareholders or harming the interests of the company, and the company is obliged to audit and update information in a systematic manner, and to provide all information of interest to shareholders and enable them to exercise their rights to the fullest capacity, and is to post this information on the company's website and the website of the stock market. The company is also committed to publishing periodic information on the daily newspapers. Shareholders' Rights related to the General Assembly: Articles (44, 47, 48, 49, 51, 54 and 56) of the company's articles of association include the regulation of shareholders' rights relating to the general meeting of both types, including the provisions of article (32) of governance system, voting rights and the election of the members of the Board of Directors. The company conformed to its application. Shareholders' rights related to the distribution of profits: The company has adopted a dividend distribution policy and it was presented to the Ordinary General Assembly for approval on 14/3/2023. Articles (66 - 67 -68) of the company's Articles of Association clearly define the policy that governs the distribution of profits, and it is committed to be applied verbatim annually upon distribution. Include it in the annual financial report of the company distributed to the shareholders for discussion at the General Assembly. <p>The right to receive the dividends approved by the General Assembly, whether in cash or free shares, shall be for the shareholder registered in the shareholders register with the depositary on the day of the General Assembly convening.</p> <p>The profits of the shareholders for the fiscal year 2021 approved by the General Assembly on 14/3/2022, decided at 80% of the nominal value of the shares, were transferred to Qatar National Bank for distribution to the shareholders, according to the agreement signed with the bank in this regard.</p>	<ul style="list-style-type: none"> Shareholders' rights related to major transactions: Article (69) of the company's articles of association guarantees the protection of the rights of shareholders in general and of the minority in particular, in the event of errors that could harm their interests or violate the ownership of the company's capital. The company is required to periodically communicate the capital structure of the company and all agreements entered into in a timely manner in accordance with the specified procedures to the Authority and the Stock Exchange and to disclose the owners (5%) or more of the company's shares directly or indirectly, during the periodic disclosure before 30 June and before 31 December. <p>Rights of non-shareholder stakeholders: The company is keen to respect and protect the rights of interested parties by providing all the necessary documented information on all its reports, either by publishing in newspapers, on the company website and on the stock exchange website or through direct contact. The company set up the Investor Relations department in 2019 on its website and identified the investor relations manager, and based on the Qatar Exchange procedures, held a conference call during the month of April To discuss the financial results for the first quarter, and during July to discuss the financial results for the second quarter, and during October to discuss the financial results for the third quarter of 2022, and during February of 2023 to discuss the financial results for the fourth quarter to discuss the financial statements for the year ending on December 31, 2022.</p>
<p>Eleventh: Community right:</p> <p>With regard to corporate social responsibility, the company, in turn, contributed to the development and advancement of society and the preservation of the environment, through its serious and effective participation in the corporate social responsibility system based on its commitment to national responsibility, in order to support activities that contribute to the development of society and various activities (according to the law). In support of the Abdullah Bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development with an amount of QR 1,000,000 (one million Qatari riyals), and its total contributions to community development during the year 2022 amounted to QR 1,339,825 (one million three hundred and thirty-nine thousand eight hundred and twenty-five Qatari riyals).</p>	<p>Approved Saad Bin Sharida Al- Kaabi Chairman of Board of Directors</p>



Management Assessment of Internal Control over Financial Reporting

General

The Board of Directors of the Company and its operations of Qatar (together “the Qatar operations”) is responsible for establishing and maintaining adequate internal control over financial reporting (“ICOFR”) as required by Qatar Financial Markets Authority (“QFMA”). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Qatar operations’ consolidated financial statements for external reporting purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards). ICOFR also includes our disclosure controls and procedures designed to prevent misstatements.

Risks in Financial Reporting

The main risks in financial reporting are that either the Qatar operations consolidated financial statements are not presented fairly due to inadvertent or intentional errors or the publication of consolidated financial statements is not done on a timely basis. A lack of fair presentation arises when one or more financial statement accounts or disclosures contain misstatements (or omissions) that are material. Misstatements are deemed material if they could, individually or collectively, influence economic decisions that users make on the basis of the (consolidated) financial statements.

To confine those risks of financial reporting, the Qatar operations have established ICOFR with the aim of providing reasonable but not absolute assurance against material misstatements. We have also assessed the design, implementation and operating effectiveness of the Qatar operations’ ICOFR based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO recommends the establishment of specific objectives to facilitate the design and evaluate the adequacy of a control system. As a result, in establishing ICOFR, management has adopted the following financial statement objectives:

- Existence / Occurrence - assets and liabilities exist and transactions have occurred;
- Completeness - all transactions are recorded, account balances are included in the (consolidated) financial statements;
- Valuation / Measurement - assets, liabilities and transactions are recorded in the financial reports at the appropriate amounts;
- Rights and Obligations and ownership - rights and obligations are appropriately recorded as assets and liabilities; and
- Presentation and disclosures - classification, disclosure and presentation of financial reporting is appropriate.

However, any internal control system, including ICOFR, no matter how well designed and operated, can provide only reasonable, but not absolute assurance that the objectives of that control system are met. As such, disclosure controls and procedures or systems for ICOFR may not prevent all errors and fraud. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Organisation of the Internal Control System

Functions Involved in the System of Internal Control over Financial Reporting

Controls within the system of ICOFR are performed by all business and support functions with an involvement in reviewing the reliability of the books and records that underlie the (Qatar operations consolidated) financial statements. As a result, the operation of ICOFR involves staff based in various functions across the organization.

Controls to Minimize the Risk of Financial Reporting Misstatement

The system of ICOFR consists of a large number of internal controls and procedures aimed at minimizing the risk of misstatement of the (consolidated) financial statements. Such controls are integrated into the operating process and include those which:

- are ongoing or permanent in nature such as supervision within written policies and procedures or segregation of duties;
- operate on a periodic basis such as those which are performed as part of the annual (consolidated) financial statement preparation process;
- are preventative or detective in nature;
- have a direct or indirect impact on the (consolidated) financial statements themselves. Controls which have an indirect effect on the (consolidated) financial statements include Control Environment, Risk Assessment, Monitoring, and Information and Communication (CERAMIC) controls and Information Technology general controls such as system access and deployment controls whereas a control with a direct impact could be, for example, a reconciliation which directly supports a balance sheet line item; and
- feature automated and/or manual components. Automated controls are control functions embedded within system processes such as application enforced segregation of duty controls and interface checks over the completeness and accuracy of inputs. Manual internal controls are those operated by an individual or group of individuals such as authorization of transactions.

Measuring Design, Implementation and Operating Effectiveness of Internal Control

For the financial year 2022, the Qatar operations have undertaken a formal evaluation of the adequacy of the design, implementation and operating effectiveness of the system of ICOFR considering:

- The risk of misstatement of the (consolidated) financial statement line items, considering such factors as materiality and the susceptibility of the financial statement item to misstatement; and

- The susceptibility of identified controls to failure, considering such factors as the degree of automation, complexity, and risk of management override, competence of personnel and the level of judgment required.

These factors, in aggregate, determine the nature, timing and extent of evidence that management requires in order to assess whether the design, implementation and operating effectiveness of the system of ICOFR is effective. The evidence itself is generated from procedures integrated within the daily responsibilities of staff or from procedures implemented specifically for purposes of the ICOFR evaluation. Information from other sources also form an important component of the evaluation since such evidence may either bring additional control issues to the attention of management or may corroborate findings.

The evaluation has included an assessment of the design, implementation, and operating effectiveness of controls within various processes including Power Generation and Sale, Purchases, Inventory Management, Human Resources and Payroll, General Ledger and Financial Reporting, Property, Plant & Equipment, Investment Management, and Treasury Management. The evaluation also included an assessment of the design, implementation, and operating effectiveness of Entity Level Controls and Information Technology General Controls. As a result of the assessment of the design, implementation, and operating effectiveness of ICOFR, management did not identify any material weaknesses and concluded that ICOFR is appropriately designed, implemented, and operated effectively as of 31 December 2022.

The Management Assessment of Internal Control over Financial Reporting as at 31 December 2022 were approved by the Board of Directors and signed on its behalf by the following on 19 February 2023.

Saad Bin Sherida Al-Kaabi
Chairman

Mohammed Nasser Al-Hajri
Managing Director & General Manager

Independent Limited Assurance Report

To the Shareholders of Qatar Electricity and Water Company Q.P.S.C.

Report on Compliance with the Qatar Financial Markets Authority's law and regulations and Other Relevant Legislation including the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Qatar Electricity and Water Company Q.P.S.C. ("the Company") to carry out a limited assurance engagement over Board of Director's assessment whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and whether the Company is in compliance with the requirements of the articles of the Code as at 31 December 2022.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for preparing the corporate governance report that covers the requirements of Article 4 of the Code. The Board of Directors provided their assessment whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and the Company's compliance with the articles of the Code' (the 'Statement'), which was shared with KPMG on 07 February 2023, and to be included as part of the annual corporate governance report.

This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to activities of the Company.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board which requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Statement is fairly presented, in all material respects, that the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and whether the Company is in compliance with the requirements of the articles of the Code as at 31 December 2022 as the basis for our limited assurance conclusion.

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Company's compliance with the articles of the Code and other engagement circumstances, and our consideration of areas where material non compliances are likely to arise.

In obtaining an understanding of the Company's process for compliance with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation, and its compliance with articles of the Code and other engagement circumstances, we have considered the process used to prepare the Statement in order to design limited assurance procedures that are appropriate in the circumstances.

Our engagement included assessing the appropriateness of the Company's process for compliance with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation and its compliance with the articles of the Code and evaluating the appropriateness of the methods and policies and procedures used in the preparation of the Statement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our limited assurance procedures do not involve assessing the qualitative aspects or effectiveness of the procedures adopted by the Board of Directors to comply with the requirements of the articles of the Code.

The procedures performed over the Statement included, but were not limited to:

- Examining the assessment completed by the Board of Directors to validate whether the Company has a process in place to comply with its Articles of Associations, and the provisions of the QFMA's law and regulations and other relevant legislation including with the articles of the Code;
- Examining the supporting evidence provided by the Board of Directors to validate the Company's compliance with the articles of the Code; and
- Conducting additional procedures as deemed necessary to validate the Company's compliance with the Code (e.g. review governance policies, procedures and practices, etc.).

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

Other information

The other information comprises the information to be included in the Company's annual corporate governance report which are expected to be made available to us after the date of this report. The Statement and our limited assurance report thereon will be included in the corporate governance report. When we read the corporate governance report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

Many of the procedures followed by entities to adopt governance and legal requirements depend on the personnel applying the procedure, their interpretation of the objective of such procedure, their assessment of whether the compliance procedure was implemented effectively, and in certain cases would not maintain audit trail. It is also noticeable that the design of compliance procedures would follow best practices that vary from one entity to another, which do not form a clear set of criteria to compare with. Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' assessment on the process in place to ensure compliance with articles of association and provisions of the QFMA's law and relevant legislations, including compliance with the Code and the methods used for determining such information. Because of the inherent limitations of internal controls over compliance with relevant laws and regulations, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement is an assessment of the process for compliance with the Company's Articles of Association, and the provisions of the QFMA's law and regulations and other relevant legislation and compliance with the articles of the Code.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on our limited assurance procedures performed, except for the noncompliance as included in the Statement nothing has come to our attention that causes us to believe that the Board of Directors' Statement does not present fairly, in all material respects, that the Company has a process in place to comply with QFMA's law and regulations and other relevant legislation and the Company is in compliance with the articles of the Code as at 31 December 2022.

Emphasis of matter

Without modifying our conclusion, we draw attention to part third of the Statement prepared by the Company, which describes that the Company is not in compliance with the article 14(2) of the Code as mentioned below:

The company held (6) meetings in 2022 AD, and due to the lack of a quorum, the third meeting of the Board, scheduled for July 17, 2022 AD, was postponed. During that decision, the Board passed Resolution 4 for the year 2022 approving the financial results for the six months ending on June 30, 2022.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

19 February 2023
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditor's License No. 120153

Attachment: Board of Directors assessment on compliance with QFMA's law and regulations and other relevant legislation including the articles of the Code

Independent Reasonable Assurance Report

To the Shareholders of Qatar Electricity and Water Company Q.P.S.C.

Report on Internal Controls over Financial Reporting

In accordance with Article 24 of the Corporate Governance Code for Companies and Legal Entities Listed on the Main Market ("the Code") issued by the Qatar Financial Markets Authority ("QFMA"), we were engaged by the Board of Directors of Qatar Electricity and Water Q.P.S.C. ("the Company") to carry out a reasonable assurance engagement over the Board of Directors' description of the processes and internal controls and assessment of the suitability of the design, implementation and operating effectiveness of its Qatar operations (excluding its foreign operations) internal controls over financial reporting (the 'ICOFR') as at 31 December 2022 (the "Statement"). The Company's Qatar operations' number that are best part of the scope of this engagement, are specified in note 42 of the consolidated financial statements for the year ended 31 December 2022.

Responsibilities of the Board of Directors

The Board of Directors are responsible for fairly stating that the Statement is free from material misstatement and for the information contained therein.

The Statement, which was signed by the Board of Directors and shared with KPMG on 19 February 2023 and is to be included in the annual report of the Group, includes the following:

- the Board of Directors' assessment of the suitability of design, implementation and operating effectiveness of the ICOFR;
- the description of the process and internal controls over financial reporting for the processes of –
 - Power generation and sale;
 - Purchases;
 - Inventory management;
 - Human resources and payroll;
 - General ledger and financial reporting;
 - Property, plant and equipment;
 - Investment management;
 - Treasury management;
 - Entity level controls; and
 - Information technology general controls.
- designing, implementing and testing controls to achieve the stated control objectives;
- identification of control gaps and failures, how they are remediated, and procedures set to prevent such failures or to close control gaps; and
- planning and performance of the management's testing, and identification of the control deficiencies.

The Board of Directors is responsible for establishing and maintaining internal controls over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring

Organizations of the Treadway Commission ("COSO" or "COSO Framework").

This responsibility includes designing, implementing, maintaining and testing internal control relevant to the preparation and fair presentation of the Statement that is free from material misstatement, whether due to fraud or error. It also includes developing the control objectives in line with the COSO Framework; designing, implementing and testing controls to achieve the stated control objectives; selecting and applying policies, making judgments and estimates that are reasonable in the circumstances, and maintaining adequate records in relation to the appropriateness of the Company's ICOFR.

The Board of Directors is responsible for ensuring that management and staff involved with the preparation of the Statement are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

The Board of Directors is also responsible for compliance with all applicable laws and regulations applicable to its activities.

Our Responsibilities

Our responsibility is to examine the Statement prepared by the Company and to issue a report thereon including an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board which requires that we plan and perform our procedures to obtain reasonable assurance about whether the Statement is fairly presented, in all material respects, in accordance with the control objectives set out therein.

We apply International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the Statement whether due to fraud or error.

Our engagement included assessing the appropriateness of the Qatar operation's ICOFR, and the suitability of the control objectives set out by the Group in preparing and presenting the Statement in the circumstances of the engagement. Furthermore, evaluating the overall presentation of the Statement, and whether the internal controls over financial reporting are suitably designed and implemented and are operating effectively as of 31 December 2022 based on the COSO Framework.

The procedures performed over the Statement include, but are not limited to, the following:

- Conducted inquiries with management of the Company to gain an understanding of the risk assessment and scoping exercise conducted by management;
- Examined the in-scope areas using materiality at the Qatar operation's combined financial statement level as specified in note 42 of the consolidated financial statements;

- Assessed the adequacy of the following:
 - Process level control documentation and related risks and controls as summarized in the Risk & Control Matrix (“RCM”);
 - Control Environment, Risk Assessment, Monitoring, and Information and Communication (CERAMIC) controls documentation and related risks and controls as summarized in the RCM;
 - Risk arising from Information Technology and controls as summarized in the RCM;
 - Disclosure controls as summarized in the RCM.
- Obtained an understanding of the methodology adopted by management for internal control design and implementation testing;
- Inspected the walkthrough and design and implementation testing completed by management and conducted independent walkthrough testing, on a sample basis, as deemed necessary;
- Assessed the significance of any internal control weaknesses identified by management;
- Assessed the significance of any additional gaps identified through the procedures performed.
- Examined the management plans for testing the operating effectiveness to evaluate the reasonableness of tests with respect to the nature, extent and timing thereof, and whether the testing responsibilities have been appropriately assigned;
- Examined the management's testing documents to assess whether the operating effectiveness testing of key controls has been performed by the management in accordance with the management testing plan; and
- Re-performed tests on key controls to gain comfort on the management testing of operating effectiveness.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Statement nor of the underlying records or other sources from which the Statement was extracted.

Other information

The other information comprises the information to be included in the Group's annual report which are expected to be made available to us after the date of this report. The Statement and our reasonable assurance report thereon will be included in the annual report. When we read the annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors.

Characteristics and Limitations of the Statement

Non-financial information is subject to more inherent limitations than financial information, given the characteristics of the Board of Directors' Report on Internal Controls over Financial Reporting and the methods used for determining such information. Because of the inherent limitations of internal controls over financial reporting including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Therefore, internal controls over financial reporting may not prevent or detect all errors or omissions in processing or reporting transactions and consequently cannot provide absolute assurance that the control objectives will be met.

Also, projections of any evaluation of the internal controls over financial reporting to future periods are subject to the

risk that the internal control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Furthermore, the controls activities designed, and operated as of 31 December 2022 covered by our assurance report will not have retrospectively remedied any weaknesses or deficiencies that existed in relation to the internal controls over the financial reporting prior to the date those controls were placed in operation.

The Statement is prepared to meet the common needs of a broad range of users and may not, therefore, include every aspect of the information that each individual user may consider important in its own particular environment.

Criteria

The criteria for this engagement are the control objectives set out therein against which the design, implementation and operating effectiveness of the controls is measured or evaluated. The control objectives have been internally developed by the Group, based on the criteria established in the COSO Framework.

Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, based on the results of our reasonable assurance procedures, the Board of Directors' Statement fairly presents that the Qatar operation's ICOFR were properly designed and implemented and are operating effectively in accordance with the COSO framework as at 31 December 2022.

Restriction of Use of Our Report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the shareholders of the Company and QFMA for any purpose or in any context. Any party other than the shareholders of the Company and QFMA who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the shareholders of the Company and QFMA for our work, for this independent reasonable assurance report, or for the conclusions we have reached.

Our report is released to the shareholders of the Company and QFMA on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

19 February 2023
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Auditor's Registration No. 251
Licensed by QFMA: External
Auditor's License No. 120153

Attachment: Board of Directors Statement on ICOFR

Financial Highlights

For the Year (amount in QR million)	2022	2021	2020	2019	2018
Sales Revenue	2,721	2,475	2,586	2,389	2,601
Gross Profit	1,052	966	899	856	1,204
Net Profit	1,711	1,468	1,158	1,414	1,537

At Year end (amount in QR million)	2022	2021	2020	2019	2018
Total Assets	27,809	18,491	17,150	17,494	18,185
Total Shareholders' equity	15,124	11,811	9,758	9,999	10,456
Long Term Debt	7,126	3,685	4,017	4,253	4,451

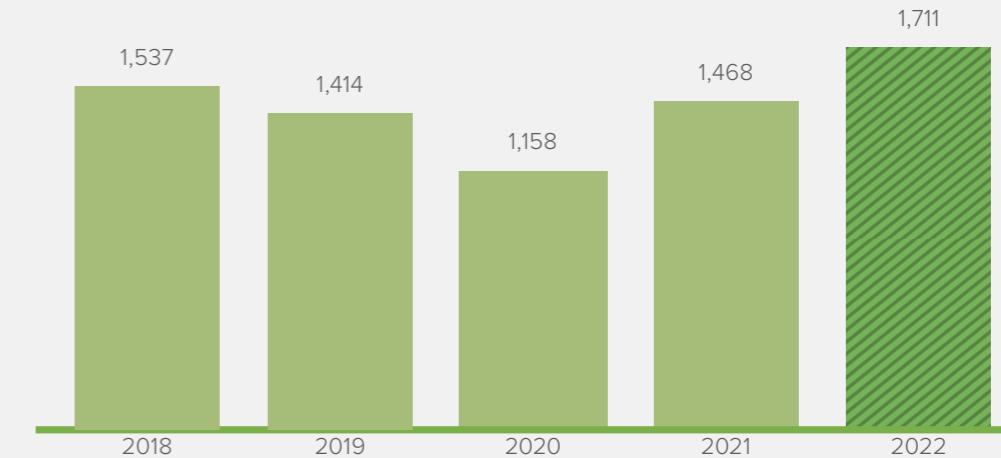
QR per Share	2022	2021	2020	2019	2018
Cash Dividends	0.950	0.800	0.630	0.775	0.775
Earnings per Share	1.56	1.33	1.05	1.29	1.40

Ratios	2022	2021	2020	2019	2018
Return on Equity (%)*	12.70	13.61	11.72	13.83	15.81
Return on Capital Employed (%)**	9.65	10.32	8.78	10.49	11.61
Debt Equity (Times)	0.47	0.31	0.41	0.43	0.43

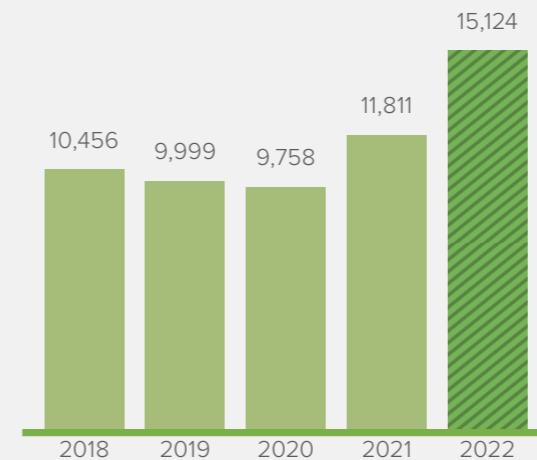
*Net Profit/Average Equity

**(Net Profit plus net finance cost)/Average capital Employed

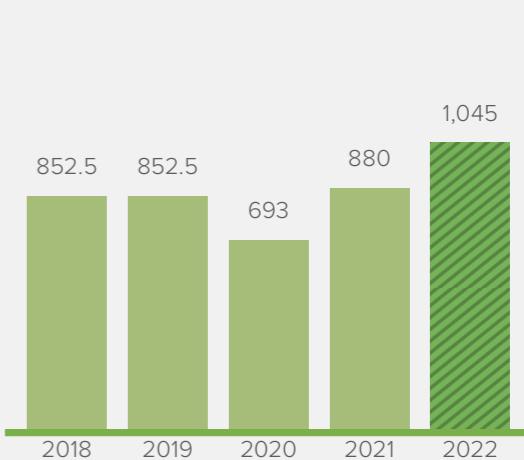
Net Profit (Amount in QR Million)



Equity Growth (Amount in QR Million)

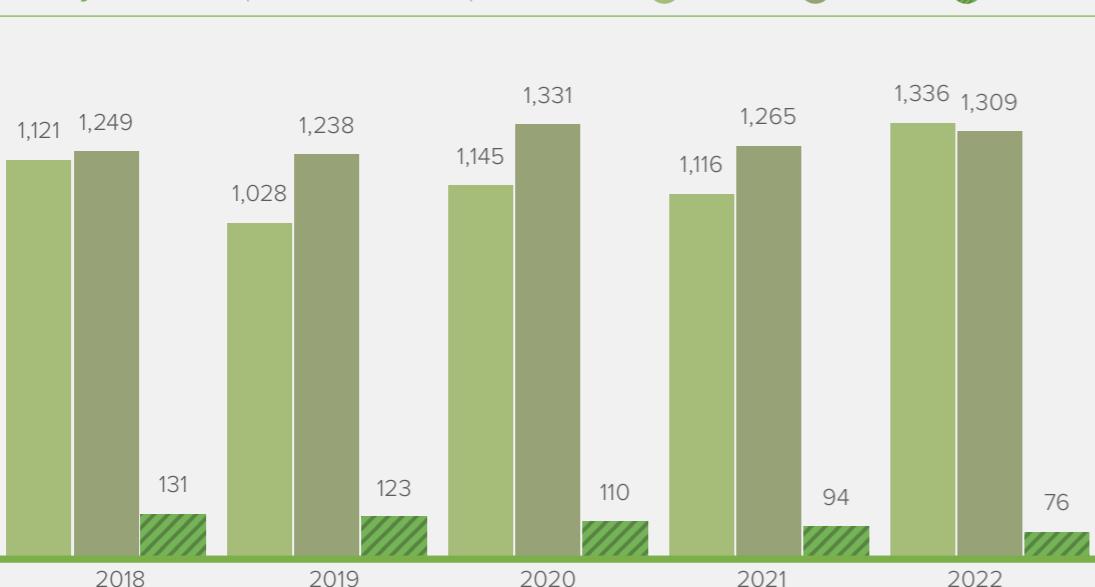


Dividend Growth (Amount in QR Million)

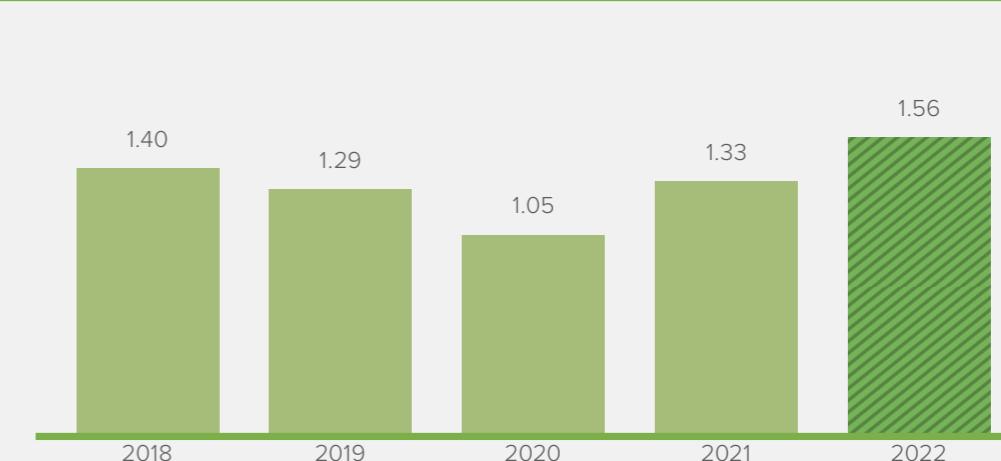


Sales by Product (Amount in QR Million)

Power Water Lease Income



Earnings Per Share (Amount in QR)



Consolidated Financial Statements

31 December 2022

Qatar Electricity and Water Company Q.P.S.C.

Consolidated Financial Statements

31 December 2022

Qatar Electricity and Water Company Q.P.S.C.

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Independent auditors' report

To the Shareholders of
Qatar Electricity and Water Company Q.P.S.C.

Opinion

We have audited the consolidated financial statements of Qatar Electricity and Water Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

Basis for Opinion

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

Key Audit Matters

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

Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)
Key Audit Matters (continued)

1. Carrying value of property, plant and equipment

See Note 5 to the consolidated financial statements.

The key audit matter

The Group's property, plant and equipment (PPE) includes power generation and water desalination plants (production facilities and solar photovoltaic assets) representing more than 97% of total PPE (2021: 98%) and 21% of Group's total assets as at 31 December 2022 (2021: 25%), which are measured at cost less accumulated depreciation and impairment. Management's assessment of indicators of impairment and determining recoverable amounts could have significant impact on the carrying value of these Cash Generating Units (CGUs).

The impairment testing of property, plant and equipment in accordance with IAS 36, requires management to make significant estimates and judgments in determining the assumptions to be used to arrive at the recoverable amount.

The recoverable amount of the CGUs, which is based on the higher of the value in use or fair value less cost of disposal has been derived from discounted cash flow model that includes several key assumptions such as the growth rates applied in revenues, weighted average cost of capital (discount rate), operating costs and capital expenditures. Further during the year, management has recognised impairment losses on two of its power generation and water desalination plants (CGUs) amounting to QAR 83.1 million as the recoverable amount of these CGUs were determined to be lower than their carrying values as of the reporting date. Accordingly, we have considered above as a key audit matter.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Making inquiries of management regarding the indicators they assessed as possible indicators of impairment for CGUs.
- Inspecting management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.
- involving our valuation specialists to assist us in:
- evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with industry averages for the relevant markets in which the CGUs operate; and
- evaluating the appropriateness of the assumptions applied to key inputs used in discounted cash flow model such as growth rate applied in forecasted revenues, operating costs and capital expenditures, by comparing these inputs with historical and externally derived data as well as our own assessments based on our knowledge of the client's business and the industry.
- evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, and estimates.

2. Carrying value of equity-accounted investees

See Note 8 to the consolidated financial statements.

The key audit matter

The Group has equity accounted investees amounting to QAR 8,905 million (2021: QAR 5,073 million) which represents 32% of the total assets of the Group (2021: 27%).

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Making inquiries of management regarding the indicators they assessed as possible indicators of impairment for CGUs.

Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)
Key Audit Matters (continued)

2. Carrying value of equity-accounted investees (continued)

The key audit matter	How the matter was addressed in our audit
<p>The impairment testing of equity-accounted investees in accordance with IAS 36, requires management to make significant estimates and judgments in determining the assumptions to be used to arrive at the recoverable amount. The recoverable amount of the Cash Generating Units (CGUs), which is based on the higher of the value in use or fair value less cost of disposal has been derived from discounted forecast cash flows models.</p> <p>These discounted forecast cash flows models use several key assumptions, including estimates of growth in future revenues, operating costs, extension options, capital expenditures, and weighted average cost of capital (discount rate).</p> <p>Accordingly, we have considered above as a key audit matter.</p>	<ul style="list-style-type: none"> • Inspecting management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit. • involving our valuation specialists to assist us in: <ul style="list-style-type: none"> - evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with industry averages for the relevant markets in which the CGUs operate; - evaluating the appropriateness of the related assumptions applied in discounted forecast cash flows models to key inputs such as growth rate applied in revenues, operating costs, extension options, capital expenditures etc., by comparing these inputs with historical and externally derived data as well as our own assessments based on our knowledge of the client's business and the industry; and - performing our own sensitivity analysis on assumptions applied in discounted forecast cash flows model which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows, and reasonably possible increase in discount rates to evaluate the impact on the value in use forecast of the CGUs. • evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, estimates and sensitivities.

3. Business combination

See Note 41 to the consolidated financial statements.

The key audit matter

In July 2022, the Group acquired additional 40% of the shares and voting interests in Nebras Power Q.P.S.C. ("Nebras") for a consideration of US\$ 530 million (QAR 1,931 million). As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras. This transaction resulted in a step-up acquisition gain of QAR 50.9 million (on derecognizing existing interests)

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- involving our valuation specialists to assist us in;
- to support us in challenging the valuations produced by the Group and the methodology used to identify the assets acquired and liabilities assumed;

Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)
Key Audit Matters (continued)

3. Business combination (continued)	
See Note 41 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>in the investee prior to obtaining control) and also a gain on bargain purchase amounting to QAR 204.0 million.</p> <p>The accounting for this transaction is complex due to the significant judgements and estimates that are required to determine the fair values of the identifiable assets acquired and the liabilities assumed.</p> <p>Due to the size and complexity of this transaction, we have considered this to be a key audit matter.</p>	<ul style="list-style-type: none"> to assist in evaluating the appropriateness of the discount rates applied, which included comparing the weighted average cost of capital with sector averages for the relevant markets in which the CGUs operate; evaluating the appropriateness of the related assumptions applied in discounted forecast cash flows models to key inputs such as growth rate applied in revenues, operating costs, extension options, capital expenditures etc., by comparing these inputs with historical and externally derived data as well as our own assessments based on our knowledge of the client's business and the industry; and evaluating the appropriateness of other intangible assets identified as part of the business combination. evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.

Other matter

The consolidated financial statements of the Group as at and for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 13 February 2022.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors report (but does not include the consolidated financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the Annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above 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 on the other information that we have obtained prior to the date of this auditors' report, 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.

Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Standards, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)

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

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

From the matters communicated with the Board of Directors, 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- iii) We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in line with the books and records of the Company.
- iv) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
- v) We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2022.

19 February 2023
Doha
State of Qatar

Gopal Balasubramaniam

KPMG
Qatar Auditors' Registry Number 251

Licensed by QFMA: External
Auditors' License No. 120153

As at 31 December 2022

In thousands of Qatari Riyals

Consolidated statement of financial position

	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,084,247	4,805,110
Right-of-use assets	6(a)	57,710	22,935
Intangible assets and goodwill	7	72,605	78,575
Equity-accounted investees	8	8,904,680	5,072,541
Equity investments at fair value through other comprehensive income	9	2,322,763	3,164,944
Finance lease receivables	6(d)	764,888	798,419
Derivative assets	18(b)	77,536	-
Loans receivable from a related party	35(b)	60,702	-
Deferred tax assets	11	32,124	-
Other assets	10	42,990	10,473
		18,420,245	13,952,997
Current assets			
Inventories	12	93,987	63,910
Trade and other receivables	13	778,536	566,040
Finance lease receivables	6(d)	33,531	24,887
Derivative assets	18(b)	1,418	-
Cash and bank balances	14	8,116,971	3,627,113
Asset held-for-sale	39	236,327	255,535
Assets held-for-distribution	40	128,478	-
		9,389,248	4,537,485
TOTAL ASSETS		27,809,493	18,490,482
EQUITY AND LIABILITIES			
Equity			
Share capital	15	1,100,000	1,100,000
Legal reserve	16	550,000	550,000
General reserve	17	3,243,870	3,241,834
Hedge reserve	18(a)	888,196	(1,778,702)
Fair value reserve	19	614,751	1,048,081
Foreign currency translation reserve	20	(1,148)	(34,344)
Retained earnings		8,728,092	7,683,966
Equity attributable to owners of the Company		15,123,761	11,810,835
Non-controlling interests	21	333,573	177,124
Total equity		15,457,334	11,987,959
Non-current liabilities			
Loans and borrowings	22	6,920,761	3,582,956
Derivative liabilities	18(b)	-	2,552
Lease liabilities	6(b)	55,225	23,066
Employees' end of service benefits	23	87,628	76,094
Other liabilities		62,567	-
		7,126,181	3,684,668

The consolidated statement of financial position continues on next page.

The notes on pages 79 to 155 form an integral part of these consolidated financial statements.

Consolidated statement of financial position (continued)
As at 31 December 2022

In thousands of Qatari Riyals

	Notes	2022	2021
Current liabilities			
Loans and borrowings	22	4,154,055	2,097,274
Derivative liabilities	18(b)	-	29,700
Lease liabilities	6(b)	6,609	3,037
Trade and other payables	24	932,097	687,844
Liabilities held-for-distribution	40	106,594	-
Other liabilities		26,623	-
		5,225,978	2,817,855
Total liabilities		12,352,159	6,502,523
TOTAL EQUITY AND LIABILITIES		27,809,493	18,490,482

These consolidated financial statements were approved by the Parent Company's Board of Directors and signed on its behalf by the following on 19 February 2023.

Saad Bin Sherida Al-Kaabi

Chairman

Mohammed Nasser Al-Hajri

Managing Director and General Manager

For the year ended 31 December 2022

In thousands of Qatari Riyals

Consolidated statement of profit or loss and other comprehensive income

	Notes	2022	2021
Revenue from water and electricity	25	2,645,683	2,380,960
Income from finance lease		75,730	93,554
Cost of sales	26	2,721,413	2,474,514
Gross profit		(1,669,118)	(1,508,979)
General and administrative expenses	27	(297,804)	(148,199)
Interest income	28	176,697	72,361
Other income	29	267,627	146,017
Operating profit		1,198,815	1,035,714
Finance costs	30	(287,533)	(115,740)
Bargain purchase gain arising on business combination	41(d)	204,000	-
Step-up acquisition gain on deemed sale of a joint venture	41(e)	50,948	-
Loss on disposal of asset held-for-sale	39	(86,084)	-
Share of results from equity-accounted investees – net of tax	8	669,418	570,121
Profit before tax from continuing operations		1,749,564	1,490,095
Less: Income tax expense	11	(2,339)	-
Profit after tax from continuing operations		1,747,225	1,490,095
Profit from discontinued operation, net of tax	40	3,223	-
Profit for the period		1,750,448	1,490,095
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Equity-accounted investees - share of OCI – net of related tax	18(a)	2,564,294	684,213
Cash flow hedges – effective portion of changes in fair value – net of related tax	18(a)	151,972	50,735
Cash flow hedges reclassified to profit or loss on derecognition of a joint venture – net of related tax	18(a)	(49,368)	-
Foreign operations – foreign currency translation differences	20	21,093	(20,129)
Reclassification of foreign currency differences on derecognition of a joint venture	20	12,103	-
		2,700,094	714,819
<i>Items that will not be reclassified to profit or loss:</i>			
Equity investments at FVOCI – net change in fair value	9	(182,842)	593,568
Other comprehensive income for the period – net of tax		2,517,252	1,308,387
Total comprehensive income for the period		4,267,700	2,798,482
Profit attributable to:			
Owners of the Company	21	1,710,809	1,467,865
Non-controlling interests		39,639	22,230
		1,750,448	1,490,095
Total comprehensive income attributable to:			
Owners of the Company	21	4,228,061	2,776,252
Non-controlling interests		39,639	22,230
		4,267,700	2,798,482
Earnings per share:			
Basic and diluted earnings per share (Qatari Riyals)	31	1.56	1.33

The notes on pages 79 to 155 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity											In thousands of Qatari Riyals				
											For the year ended 31 December 2022				
											As at 31 December 2022				
											Notes				
		Share capital	Legal reserve	General reserve	Cash flow Hedge reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests		In thousands of Qatari Riyals			
At 1 January 2021		1,100,000	550,000	3,241,834	(2,513,650)	454,513	(14,215)	6,939,760	9,758,242	207,745	9,965,987	5	2022		
Profit for the period		-	-	-	-	-	-	-	1,467,865	1,467,865	22,230	1,490,095	5	2021	
Other comprehensive income for the period		-	-	-	-	734,948	593,568	(20,129)	-	1,308,387	-	1,308,387	6(a)	287,167	
Total comprehensive income for the period		-	-	-	-	734,948	593,568	(20,129)	1,467,865	2,776,252	22,230	2,798,482	6(b)	83,094	
Contribution to social and sports support fund (Note 33)		-	-	-	-	-	-	(30,659)	(30,659)	-	(30,659)	7	8,409	4,191	
Transactions with owners of the Group												8	(669,418)	(570,121)	
Dividends (Note 32)		-	-	-	-	-	-	(693,000)	(693,000)	(52,851)	(745,851)	9	(160,909)	(81,411)	
At 31 December 2021 / 1 January 2022		1,100,000	550,000	3,241,834	(1,778,702)	1,048,081	(34,344)	7,683,966	11,810,835	177,124	11,987,959	10	1,765	1,684	
Profit for the period		-	-	-	-	-	-	-	1,710,809	1,710,809	39,639	1,750,448	11	3,389	2,199
Other comprehensive income for the period		-	-	-	-	2,666,898	(182,842)	33,196	-	2,517,252	-	2,517,252	12	(160,909)	5,970
Total comprehensive income for the period		-	-	-	-	2,666,898	(182,842)	33,196	1,710,809	4,228,061	39,639	4,267,700	13	(176,697)	5,970
Transfer upon disposal of equity investments FVOCI		-	-	-	-	(250,488)	-	250,488	-	-	-	-	14	(204,000)	(50,948)
Acquisition of NCI due to business combination (Note 41)		-	-	-	-	-	-	-	-	-	-	-	15	(287,167)	(77)
Contribution to social and sports support fund (Note 33)		-	-	-	-	-	-	-	-	-	-	-	16	(83,094)	285,334
Transactions with owners of the Group		-	-	-	-	-	-	-	-	-	-	-	17	(12,637)	2,580
Dividends (Note 32)		-	-	-	-	-	-	-	-	-	-	-	18	(71,024)	(439)
Other movements		-	-	-	-	2,036	-	-	-	-	-	-	19	(176,697)	113,389
At 31 December 2022		1,100,000	550,000	3,243,870	888,196	614,751	(1,148)	8,728,092	15,123,761	333,573	15,457,334				1,177,414

Consolidated statement of cash flows		In thousands of Qatari Riyals	
OPERATING ACTIVITIES			
Profit for the period		5	1,750,448
Adjustments for:		5	287,167
Depreciation of property, plant and equipment – net of reversals		6(a)	83,094
Impairment of property, plant and equipment		6(b)	8,409
Depreciation of right-of-use assets		7	2,199
Interest expense on lease liabilities		8	5,970
Amortization of intangible assets		9	(669,418)
Share of results of equity-accounted investees		10	(160,909)
Dividend income from equity investments at FVOCI		22	(81,411)
Amortization of non-current assets		23	1,765
Loan amortization fee		24	3,389
Provision for employees' end of service benefits		25	(71,024)
Net reversal of provision on slow-moving and obsolete inventories		26	(176,697)
Interest income		27	12,637
Loss on sale of an asset held-for-sale		28	(72,361)
Bargain purchase gain arising on business combination		29	86,084
Step-up acquisition gain on deemed sale of a joint venture		30	(204,000)
Property, plant and equipment written-off		31	(50,948)
Gain in termination of leases		32	-
Interest expense		33	2,580
Operating profit before working capital changes		34	(439)
Working capital adjustments:			113,389
Inventories		35	40,947
Trade and other receivables		36	(212,496)
Finance lease receivables		37	24,887
Deferred tax asset		38	(32,124)
Trade and other payables		39	244,248
Cash flows from operating activities		40	1,258,885
Employees' end of service benefits paid		41	(7,286)
Net cash generated from operating activities			1,251,599
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment – net of adjustment		5	(36,319)
Proceeds from sale of asset held-for-sale – net of expenses		6	175,000
Net movement in other non-current assets		7	30,812
Proceeds from sale of property, plant and equipment		8	10,083
Cash acquired on acquisition of a subsidiary – net of consideration transferred		9	1,209,780
Investment in equity-accounted investees		10	(906,821)
Dividends received from equity-accounted investees		11	404,648
Proceeds from sale of equity investments at FVOCI		12	663,511
Dividends received from equity investments at FVOCI		13	160,909
Net movement in loan receivable from equity-accounted investees		14	-
Interest received		15	143,687
Net movement in term deposits with original maturity over 90 days		16	176,697
Net cash (used in) / from investing activities			(3,636,815)
			(1,748,515)

The consolidated statement of cash flows continues on next page.

The notes on pages 79 to 155 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows (continued)
As at 31 December 2022

In thousands of Qatari Riyals

FINANCING ACTIVITIES

Repayment of lease liabilities (including interest)	6(b)	(8,745)	(4,626)
Dividends paid to non-controlling interests	21	(29,160)	(52,851)
Repayment of loans and borrowings	22	(296,034)	(628,220)
Dividends paid to owners of the Company	32	(880,000)	(698,961)
Loan to a related party	35(b)	(38,776)	-
Proceeds from loans and borrowings		2,920,373	-
Interest expense paid		(273,362)	(109,331)
Net cash from / (used in) financing activities		1,394,296	(1,493,989)
NET CHANGE IN CASH AND CASH EQUIVALENTS		897,380	(33,052)
Cash and cash equivalents at the beginning of the period		629,468	662,520
Effects of movements in exchange rates on cash held in foreign currency		(44,337)	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	1,482,511	629,468

The notes on pages 55 to 131 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

1. Reporting entity

Qatar Electricity and Water Company Q.P.S.C. ("the Company" or "the Parent") is a Qatari Public Shareholding Company incorporated in the State of Qatar under commercial registration number 14275. The Company commenced its commercial operations in March 1992. The head office of the Company is located at Qatar Navigation Tower in Al-Dafna Area, West Bay, Doha, State of Qatar. The Company's shares are listed on the Qatar Stock Exchange since 3 May 1998.

These consolidated financial statements comprise the Company and its subsidiaries (collectively referred as the "Group" and individually as the "Group entities") and the Group's interests in equity-accounted investees.

The principal activities of the Group are to invest, develop, own and operate plants to produce electricity and desalinated water, including the renewable assets, inside and outside Qatar, and to supply them to the state owned entities and private corporate customers i.e. off-takers, as per the power and water purchase agreements.

Details of the Company's subsidiaries as at 31 December are as follows:

Name of entities	Principal activity	Country of incorporation	Effective shareholding	
			2022	2021
Ras Laffan Operating Company W.L.L.	Plant operation and maintenance	Qatar	100%	100%
Ras Laffan Power Company Limited Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	80%	80%
Nebras Power Q.P.S.C.*	Investments in electricity and desalinated water projects outside the State of Qatar	Qatar	100%	-

The Company has the following equity-accounted investee as at 31 December:

Name of entities	Principal activity	Country of incorporation	Effective shareholding	
			2022	2021
<i>Joint ventures:</i>				
Qatar Power Q.P.J.S.C.	Generation of electricity and production of desalinated water	Qatar	55%	55%
Mesaieed Power Company Limited Q.P.S.C.	Generation of electricity	Qatar	40%	40%
Ras Girtas Power Company Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	45%	45%
Nebras Power Q.P.S.C.*	Investment in electricity and desalinated water projects outside Qatar	Qatar	-	60%
Umm Al Houl Power Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	60%	60%
<i>Associate:</i>				
Siraj Energy Q.P.S.C. (i)**	Identifying, evaluating and development of solar power opportunities	Qatar	49%	49%

*Refer note 41

**Refer note 39

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

1. Reporting entity (continued)

Below are the subsidiaries and equity-accounted investees acquired through business combination during the year (Refer note 41):

Name of subsidiary	Country of incorporation	Effective shareholding	
		2022	2021
Nebras Power Netherlands B.V.	Netherlands	100%	-
Nebras Power Investment Management B.V.	Netherlands	100%	-
Zon Exploitatie Nederland Holding B.V.	Netherlands	75%	-
Zon Exploitatie Nederland B.V.	Netherlands	75%	-
Zon Exploitatie Nederland 2 B.V.	Netherlands	75%	-
Zonhandel B.V.	Netherlands	75%	-
Zon Brabant B.V.	Netherlands	37.5%	-
BTU Rades	Cayman	100%	-
BTU International (Bermuda) Ltd	Bermuda	100%	-
Carthage Power Company SARL	Tunisia	60%	-
Nebras Netherlands Brazil Investments 1 B.V.	Brazil	100%	-
Nebras Power Latin America Ltda.	Brazil	100%	-
Nebras do Brazil Investments 1 Ltda.	Brazil	100%	-
Salgueiro Solar Holding S.A.	Brazil	80%	-
Jaíba Solar Holding S.A.	Brazil	80%	-
Francisco Sá Solar Holding S.A.	Brazil	80%	-
Lavras Solar Holding S.A.	Brazil	80%	-
Salgueiro I Energias Renováveis S.A.	Brazil	80%	-
Salgueiro II Energias Renováveis S.A.	Brazil	80%	-
Salgueiro III Energias Renováveis S.A	Brazil	80%	-
Jaíba 3 Energias Renováveis S.A.	Brazil	80%	-
Jaíba 4 Energias Renováveis S.A.	Brazil	80%	-
Jaíba 9 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 1 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 2 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 3 Energias Renováveis S.A.	Brazil	80%	-
Lavras 2 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 1 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 3 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 4 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 5 Solar Energias Renováveis S.A.	Brazil	80%	-
Scythia-Solar-1 LLC*	Ukraine	75%	-
Scythia-Solar-2 LLC*	Ukraine	75%	-
Terslav LLC*	Ukraine	75%	-
Sun Power Pervomaisk LLC*	Ukraine	75%	-
Free-Energy Henichesk LLC*	Ukraine	75%	-
Nebras Power Australia Pty Ltd	Australia	100%	-

*Refer note 36

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

1. Reporting entity (continued)

Name of equity-accounted investee	Country of incorporation	Classification	Effective shareholding 2022	2021
Phoenix Power Company SAOG	Oman	Associate	9.84%	-
Phoenix Operation and Maintenance Company L.L.C.	Oman	Associate	15%	-
AES Oasis Ltd	Cayman Islands	Associate	38.89%	-
AES Baltic Holding B.V.	Netherlands	Associate	40%	-
PT Paiton Energy Pte Ltd.	Indonesia	Associate	26%	-
IPM Asia Pte Ltd	Singapore	Associate	35%	-
Minejesa Capital B.V.	Netherlands	Associate	26%	-
AES Jordan Solar B.V.	Netherlands	Associate	40%	-
Stockyard Hill Wind Farm (Holding) Pty Ltd	Australia	Associate	49%	-
Unique Meghnaghat Power Limited	Bangladesh	Joint venture	24%	-
NEKS Energy B.V.	Uzbekistan	Joint venture	33.30%	-
Shams Ma'an Solar UK Ltd	United Kingdom	Joint venture	35%	-
Nebras-IPC Power Developments Limited	England	Joint venture	50%	-
Zonnepark Masselbanken Terneuzen B.V.	Netherlands	Joint venture	40%	-
Zonnepark Duisterweg B.V.	Netherlands	Joint venture	40%	-
NEC Energia e Participações S.A.	Brazil	Joint venture	50%	-
NEC Desenvolvimento e Projetos em Energia e Participações S.A.	Brazil	Joint venture	50%	-
				-

2. Major transactions and agreements of the Group

Below are the major transactions and agreements of the Group in chronological order:

- On 10 February 1999, the Company entered into an agreement with the State of Qatar for the purchase of the power plant at Ras Abu Fontas B ("RAF B"). Based on the agreement, the Company was assigned the operation and management of the power plant.
- In April 2001, the Company entered into a Power Purchase Agreement with the Qatar General Electricity and Water Corporation (hereafter the "KAHRAMAA") for the supply of electricity from the Company's Ras Abu Fontas B1 ("RAF B1") station, which commenced commercial operations on 29 August 2002.
- In January 2003, the Company purchased the four stations set out below from KAHRAMAA for a total consideration of QAR 600 million. A Power and Water Purchase Agreement (hereafter "PWPA") was also signed with KAHRAMAA for its supply of electricity and desalinated water from these stations:
 - Ras Abu Fontas A ("RAF A")
 - Al Wajbah
 - Al Saliyah
 - Doha South Super

The Company discontinued the operations of the Al-Wajbah station during 2010 following instructions received from the State of Qatar. Also, Al Saliyah and Doha South Super facilities were discontinued as the relevant contracts with KAHRAMAA expired on 31 December 2014.

The Company discontinued the operations of the Ras Abu Fontas "A" station (RAF A) with effect from 31 December 2017.

- In January 2003, the Company acquired from QatarEnergy, the Dukhan Desalination Plant for QAR 71.66 million. Subsequent to the conclusion of this purchase agreement, the Company also concluded a Land Lease Agreement, a Water Purchase Agreement, and a Fuel Supply Agreement with Qatar Energy relating to the Dukhan Desalination Plant. During the year, the Dukhan Desalination Plant's agreement with Qatar Energy was terminated, effective 31 December 2022, which resulted into an impairment of property, plant and equipment and other assets amounting to QR 19.6 million.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

2. Major transactions and agreements of the Group (continued)

e) Qatar Power Q.P.J.S.C.

On 27 January 2005 Qatar Power Q.P.J.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan B Integrated Water and Power Plant. The percentage shareholdings in Qatar Power Q.P.J.S.C. as at the current and the comparative reporting dates were as follows:

• Qatar Electricity and Water Company Q.P.S.C.	(55%)
• International Power PLC	(40%)
• Chubu Electric Power Company	(5%)

f) In October 2005, the Company entered into a PWPA with KAHARAMAA for the supply of electricity and desalinated water from the Company's Ras Abu Fontas B2 ("RAF B2") station.

g) Mesaieed Power Company Limited Q.P.S.C.

On 15 January 2007, Mesaieed Power Company Limited Q.P.S.C. (MPCL) was incorporated as a joint venture between MPCL, Marubeni Corporation and QatarEnergy for the production of electricity from the Mesaieed power plant. In May 2009, Chubu Electric Power Company joined the joint venture. The shareholdings in Mesaieed Power Company Limited Q.P.S.C. as at the current and the comparative reporting dates were as follows:

• Qatar Electricity and Water Company Q.P.S.C.	(40%)
• Marubeni Corporation	(30%)
• QatarEnergy	(20%)
• Chubu Electric Power Company	(10%)

h) In May 2007, the Company entered into a Water Purchase Agreement with KAHARAMAA for the supply of desalinated water from the Company's Ras Abu Fontas A1 ("RAF A1") station (an extension of ("RAF A").

i) Ras Girtas Power Company Q.P.S.C.

On 25 March 2008, Ras Girtas Power Company Q.P.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan C plant. The percentage shareholdings in Ras Girtas Power Company Q.P.S.C. as at the current and the comparative reporting dates were as follows:

• Qatar Electricity and Water Company Q.P.S.C.	(45%)
• RLC Power Holding Company	(40%)
• QatarEnergy	(15%)

j) On 7 January 2013, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A2 Water project with KAHARAMAA.

k) Nebras Power Q.P.S.C.

On 20 May 2013, Nebras Power Q.P.S.C. ("Nebras") was incorporated as a joint venture for the purpose of acquiring electricity and water production projects outside the State of Qatar. In July 2022, the Group acquired additional 40% of the shares and voting interests in Nebras. As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras (refer Note 41).

l) Umm Al Houl Power Q.P.S.C.

On 13 May 2015, Umm Al Houl Power Q.P.S.C. was incorporated as a joint venture for the purpose of the production of electricity and desalinated water from the Facility D plant. The percentage shareholdings in Umm Al Houl Power Q.P.S.C. as at the current and the comparative reporting date were as follows:

• Qatar Electricity and Water Company Q.P.S.C.	(60%)
• QatarEnergy	(5%)
• Qatar Foundation for Education, Science and Community Development	(5%)
• K1 Energy Limited, incorporated in the U.K.	(30%)

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

2. Major transactions and agreements of the Group (continued)

During 2021, the Group has invested an additional amount of QAR 143.7 million in Umm Al Houl Power Q.P.S.C. The additional investment has not changed the Company's shareholding percentage in the joint venture. The cash advances provided to Umm Al Houl Power Q.P.S.C. has been considered as an additional investment in the joint venture, effective from 2021, in accordance with the joint venture agreement.

m) On 13 October 2015, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A3 Water project with KAHARAMAA.

n) Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company L.L.C.

On 18 June 2015, Nebras Power Q.P.S.C. ("Nebras"), one of the subsidiaries of the Group purchased a 0.088% shareholding in Phoenix Power Company SAOG ("PPC") at its Initial Public Offer. PPC is incorporated in the Sultanate of Oman and owns and operates a gas fired power generation facility with a capacity of 2,000 MW.

On 30 December 2015, Nebras entered into an agreement with Qatar Electricity and Water Company Q.P.S.C ("QEWC") (At this time, QEWC did not have controlling interest in Nebras), to purchase an additional 9.75% shareholding in PPC and to purchase 15% of the share capital of Phoenix Operation and Maintenance Company L.L.C. ("POM"). POM is incorporated in the Sultanate of Oman and its primary activity is to provide repair and maintenance services to PPC's power plant.

The Group exercises significant influence over the financial and operating policy decisions of PPC and POM through its representation in the Board of Directors. In particular, the Group appoints the Chairman on the Board of Directors of PPC.

o) AES Oasis Ltd

On 1 December 2015, Nebras, one of the subsidiaries of the Group purchased from QEWC (at this time, QEWC did not have controlling interest in Nebras), a 38.89% shareholding in AES Oasis Ltd, incorporated in the Cayman Islands. AES Oasis Ltd holds effectively a 60% shareholding in AES Jordan PSC, which owns and operates a 370 MW combined cycle gas fired power plant in Jordan.

p) AES Baltic Holding BV

On 18 February 2016, Nebras, one of the subsidiaries of the Group purchased from QEWC (At this time, QEWC did not have controlling interest in Nebras), purchased 40% shareholding in AES Baltic Holding BV, incorporated in the Netherlands. AES Baltic Holding BV effectively holds a 60% shareholding in AES Levant Holdings B.V. Jordan PSC, which owns and operates a 241 MW gas power plant in the Kingdom of Jordan.

q) PT Paiton Energy Pte Ltd

On 22 December 2016, Nebras, one of the subsidiaries of the Group acquired a 35.514% shareholding in PT Paiton Energy Pte Ltd, incorporated in Indonesia, which owns and operates a 2,045 MW coal-fired power plant. During 2020, pursuant to the Board of Directors' approval, the Company entered into a Share Purchase Agreement ("SPA") to sell 9.513% stake in PT Paiton Energy Pte Ltd. The sale has been fully executed in March 2022.

r) IPM Asia Pte Ltd

On 22 December 2016, Nebras, one of the subsidiaries of the Group acquired a 35% shareholding in IPM Asia Pte Ltd, incorporated in Singapore. IPM Asia Pte Ltd owns 84.1% of PT IPM Operation and Maintenance Indonesia, incorporated in Indonesia, which provides operation and maintenance services to PT Paiton Energy Pte Ltd. In addition, IPM Asia Pte Ltd owns 100% of the share capital of IPM O&M Services Pte Ltd, incorporated in Singapore, which provides technical services to PT IPM Operation and Maintenance.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
2. Major transactions and agreements of the Group (continued)

s) Siraj Energy Q.P.S.C.

On 25 September 2017, Siraj Energy Q.P.S.C. was incorporated as a Joint Venture Company for the purpose of identifying, evaluating and development of solar power opportunities in the State of Qatar. During 2021, the Group has invested an additional amount of QAR 64.1 million (2020: QAR 78.9 million) in Siraj Energy Q.P.S.C. The additional investment did not change the Group's shareholding percentage.

In October 2022, the Group entered into a share purchase agreement (SPA) with QatarEnergy to sell its 49% stake in Siraj Energy to the latter, at a total consideration of QAR 235 million (US\$ 64 million). Post this SPA, the equity accounting was seized and the asset was classified as held-for-sale (refer note 39)

t) Minejesa Capital BV

On 2 August 2017, Nebras Power Investment Management B.V., one of the subsidiaries of the Group entered into a shareholders' agreement with PT Batu Hitam Perkasa, Paiton Power Financing BV and Tokyo Electric Power Company International Paiton II BV for provision of governance and management services to Minejesa Capital BV, incorporated in the Netherlands on 29 June 2017 with the objective to provide financial services. As per the shareholders' agreement, the Group has a 35.51% shareholding in Minejesa Capital BV.

During 2020, pursuant to the Board of Directors' approval, the Company entered into a Share Purchase Agreement ("SPA") to sell 9.513% stake in Minejesa Capital B.V. The sale has been fully executed in March 2022.

u) AES Jordan Solar BV

On 31 October 2017, Nebras Power Netherlands B.V., one of the subsidiaries of the Group entered into a shareholders' agreement with AES Horizons Holdings BV for provision of governance and management services to AES Jordan Solar BV, incorporated in Jordan with the objective to provide engineering, procurement, construction, ownership, operation, maintenance, management, leasing and financing to AM Solar BV, a company registered in Jordan. As per the shareholders' agreement, the Group has a 40% shareholding in AES Jordan Solar BV.

v) Shams Maan Solar UK Limited

On 26 June 2015, Nebras, one of the subsidiaries of the Group acquired a 35% shareholding in Shams Maan Solar UK Ltd, a joint venture company registered in England and Wales engaged in the financing, building, ownership and operation of a 52.5 MW solar power plant in Ma'an city in the Kingdom of Jordan.

w) Brabant Zon B.V.

On 8 August 2018, Nebras, one of the subsidiaries of the Group acquired Zen Exploitatie Nederland Holding B.V, which owns 50% of Brabant Zon B.V., a joint venture company registered in the Netherlands engaged in the development of renewable energy projects. During 2019, the control structure of Brabant Zon B.V. was reassessed and the company has been considered a subsidiary from 31 December 2019.

x) Stockyard Hill Wind Farm (Holding) Pty Ltd

On 22 November 2019, Nebras, one of the subsidiaries of the Group entered into a shareholders' agreement with Goldwind International Holding Limited and acquired 49% of shares in Stockyard Hill Wind Farm (Holding) Pty Ltd to develop and operate renewable energy projects in Australia. The Group holds significant influence in the associate company based on its voting rights and representation in the board committees.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
2. Major transactions and agreements of the Group (continued)

y) Zonnepark Mosselbanken Temeuzen B.V.

On the 25 September 2020 Nebras, one of the subsidiaries of the Group acquired 40% shareholding in Zonnepark Mosselbanken Temeuzen B.V, a joint venture company registered in Netherlands engaged in the development of renewable energy projects.

z) Nebras IPC Power Developments Ltd

On the 7 October 2019, Nebras, one of the subsidiaries of the Group formed a joint venture, in which it owns 50%, with The Independent Power Corporation Plc. The joint venture was formed to develop, finance and construct one or more power projects in Azerbaijan, Kazakhstan, or any other country.

ab) Zonnepark Duisterweg B.V.

On 27 January 2021, Nebras, one of the subsidiaries of the Group entered into a joint venture agreement with Gutami Solar development and acquired 40% of shares in Zon Duisterweg BV to construct and commission solar photovoltaic plant of target capacity of 14.5 MW in Netherlands.

ac) NEC Energia e Participacões S.A.

On 6 September 2021 Nebras, one of the subsidiaries of the Group entered into a shareholders' agreement with Companhia Energética Integrada (CEI) and acquired 50% of shares in NEC Energia e Participações S.A., a joint venture company registered in Brazil. The partnership will promote management, and operation of hydroelectric and solar energy projects in Brazil.

ad) NEC Desenvolvimento e Projetos em Energia e Participações S.A.

On the 6 September 2021 Nebras, one of the subsidiaries of the Group acquired 50% shareholding in NEC Desenvolvimento de Projetos em Energia e Participações S.A., a joint venture company registered in Brazil engaged in the development of renewable energy projects.

3. Basis of preparation

a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) as issued by the International Accounting Standards Board (IASB).

To ensure compliance with the requirements of the law no. 8 of 2021 which amended certain provisions of Qatar Commercial Companies Law no. 11 of 2015, the Company has amended its Articles of Association during the year to incorporate these amendments wherever applicable. The amended Articles of Association would be formally approved in the Extra-ordinary General Assembly of the Company to be held on 14 March 2023.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, except for equity investments at fair value through other comprehensive income and derivative financial instruments which are measured at fair value.

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

c) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company has the Qatari Riyal ("QAR") as its functional currency. The following subsidiaries of the Company, which operate in foreign jurisdictions, have the following functional currencies:

Name of the subsidiaries	Functional currency
Nebras Power Netherlands B.V.	USD
Nebras Power Investment Management B.V.	USD
Zon Exploitatie Nederland Holding B.V.	Euro
Zon Exploitatie Nederland B.V.	Euro
Zon Exploitatie Nederland 2 B.V.	Euro
Zonhandel B.V.	Euro
Zon Brabant B.V.	Euro
BTU Rades	Euro
BTU International (Bermuda) Ltd	Euro
Carthage Power Company SARL	Euro
Nebras Netherlands Brazil Investments 1 B.V.	USD
Nebras Power Latin America Ltda.	Brazilian Real
Nebras do Brazil Investments 1 Ltda.	Brazilian Real
Salgueiro Solar Holding S.A.	Brazilian Real
Jaíba Solar Holding S.A.	Brazilian Real
Francisco Sá Solar Holding S.A.	Brazilian Real
Lavras Solar Holding S.A.	Brazilian Real
Salgueiro I Energias Renováveis S.A.	Brazilian Real
Salgueiro II Energias Renováveis S.A.	Brazilian Real
Salgueiro III Energias Renováveis S.A	Brazilian Real
Jaíba 3 Energias Renováveis S.A.	Brazilian Real
Jaíba 4 Energias Renováveis S.A.	Brazilian Real
Jaíba 9 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 1 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 2 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 3 Energias Renováveis S.A.	Brazilian Real
Lavras 1 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 2 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 3 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 4 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 5 Solar Energias Renováveis S.A.	Brazilian Real
Scythia-Solar-1 LLC	Ukrainian Hryvnia
Scythia-Solar-2 LLC	Ukrainian Hryvnia
Terslav LLC	Ukrainian Hryvnia
Sun Power Pervomaisk LLC	Ukrainian Hryvnia
Free-Energy Henichesk LLC	Ukrainian Hryvnia
Nebras Power Australia Pty Ltd	AUD

The Company's presentation currency is Qatari Riyal ("QAR"), which is also the Company's functional currency.

In thousands of Qatari Riyals

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

d) Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about areas that involve a higher degree of judgement or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the consolidated financial statements are as follows:

Judgments*Classification of Power and Water Purchase Agreements*

The Group has entered into several long-term Power and Water Purchase Agreements ("PWPA"), Power Purchase Agreements ("PPA") and Water Purchase Agreements ("WPA") with government and non-government off-takers. The Group assesses these PWPAs, PPAs and WPAs on a case-to-case basis to determine whether the arrangement would fall under IFRIC 12, IFRS 16, IFRS 15 or IFRS 9. The Group applies significant judgement to assess the different arrangements entered into with the off-takers.

Under the PWPAs, PPAs and WPAs entered by the Group in Qatar, the Group receives payment for the provision of power and water capacity, whether or not the off-taker (KAHRAMAA) requests power or water output ("capacity payments"), and for the variable costs of production ("energy and water payments"). Based on management's estimate of the useful life and residual value of the assets, KAHRAMAA is not determined to control any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise. Hence, the Group has assessed that these arrangements in the State of Qatar does not fall within the scope of IFRIC 12 and classified these agreements to contain lease under IFRIC 4 which were grandfathered on transition to IFRS 16.

Further, the Group assess the lease under IFRS 16 to be operating lease or finance lease. The classification of the PWPA, PPA or WPA as an operating lease is based on the judgement applied by management which considers that the Group retains the principal risks and rewards of ownership of the plants, based on management's estimate of the useful life and residual value of the assets. An estimate of the useful life of the asset and residual value is made and reviewed annually. The effects of changes in useful life are recognized prospectively, over the remaining life of the asset.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (also refer Note 6 (a)).

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

Lease liabilities

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date.

The extend of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset (also refer Note 6 (b)).

Recognition of deferred tax assets

Deferred tax assets are recognized only to the extent management considers it probable that future taxable profits will be available against which the Group can use the benefits therefrom.

Assets held for sale, disposal group held-for-distribution and discontinued operations

Management has applied judgement that some of its non-current assets and a disposal group are classified as held for sale / distribution owing to the fact that their carrying values will be recovered primarily through sale and it is highly probable that the sale / distribution will occur in the next twelve months. Consequently, these assets and liabilities are classified as held for sale / distribution. Further, as part of this classification, management has applied judgement over the costs associated with the sale / distribution and have recognised certain provisions which management believes are necessary and adequate for the closure of the sale / distribution (also refer Note 39 and 40).

Interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, the Group may obtain control, joint control or significant influence over an entity or arrangement. This assessment involves consideration of a variety of factors, including shareholders' voting rights, Board representation and decision-making rights, the existence of any contractual arrangements, and indicators of de facto control.

Such classifications have a significant impact on the consolidated financial statements due to the significantly different accounting treatments of subsidiaries, associates and joint arrangements.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Estimates

Useful life and residual value of property, plant and equipment and right-of-use assets

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated individual useful lives. Management exercises significant estimate and judgement for the determination of the depreciation method and the useful lives and residual values of these assets, including their expected usage over their lives, the rate

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

of their physical wear and tear, and their technological or commercial obsolescence. Such estimates could have a significant impact on the annual depreciation charge recognized in profit or loss (also refer Note 5 (C)).

Impairment of non-financial assets (other than inventories)

The carrying amounts of the Group's non-financial assets other than goodwill (Property, plant and equipment, right-of-use assets and equity accounted investees) are reviewed at each reporting date to determine whether there is any indication of impairment. That assessment requires judgement. Goodwill is tested annually for impairment. The determination of recoverable amounts of non-financial assets (the higher of their fair values less costs of disposal and their "value in use") requires management to make significant judgments, estimations and assumptions. In particular the assessment of "value in use" requires management to estimate expected future cash flows from an asset or a cash generating unit and also to choose an appropriate discount rate to discount those cash flows to present value (also refer Note 5 (F)).

Impairment of inventories

When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment (also refer Note 12).

Impairment of financial assets measured at amortised cost

The "expected credit loss" (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability and magnitude of default to various categories of financial assets measured at amortised cost (loans receivable, trade receivables, receivables from related parties, dividend receivable, other receivables and cash at bank). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it 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. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive (also refer note 37).

Fair value of cash flow hedges

The Group uses derivative financial instruments to manage their exposure to the variability of bank borrowings due to fluctuations in interest rates. All such derivatives are carried at fair value. Their fair values are estimated using models and valuation methods due to the absence of quoted prices or other market-observable data. These contracts are valued using models with inputs that include price curves for each of the different products that are built up from active market pricing data and extrapolated to the expiry of the contracts using the maximum available external pricing information (also refer Note 18).

Finance lease receivable

The Group's management determines estimated future cash flows in respect of capacity charge for calculating effective interest rate of finance lease. This estimate is determined after considering the expected Scheduled and Forced outage of power supply in the future years. Management reviews the estimates annually while any difference between the estimated finance lease income and actual finance lease income is charged directly to the consolidated statement of profit or loss of the respective period (also refer Note 6 (c)).

Leases - estimating the incremental borrowing rate

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

d) Use of estimates and judgments (continued)

Estimates (continued)

Whenever the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and make certain entity-specific estimates (such as the Group's stand-alone credit rating).

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

e) New currently effective IFRS requirements

Listed below are the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2022:

Effective date	Standards and interpretations
1 April 2021	<ul style="list-style-type: none"> - Covid-19-Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16
1 January 2022	<ul style="list-style-type: none"> - Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37 - Annual improvements to IFRS Standards 2018-2020 - Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 - Reference to the Conceptual Framework – Amendments to IFRS 3

The adoption of new and amended standards and interpretations do not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

f) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below.

Effective date	Standards and interpretations
1 January 2023	<ul style="list-style-type: none"> - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) - Definition of Accounting Estimates (Amendments to IAS 8) - IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
1 January 2024	<ul style="list-style-type: none"> - Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

3. Basis of preparation (continued)

f) Standards issued but not yet effective (continued)

Available for optional adoption/effective date deferred indefinitely	- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
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The group intends to adopt these standards, if applicable, when they become effective, however, these are not expected to have a significant impact on the Group's consolidated financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements.

a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (See section on "Subsidiaries" below). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises (See accounting policy "Goodwill") is tested annually for impairment (See accounting policy "Impairment"). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities which are not measured at fair value through profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

a) Basis of consolidation (continued)

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

In case the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent the Group has an obligation to the equity accounted investee or has made payments to third parties on behalf of the equity accounted investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

The cost of renovations or replacement of a component of an item of property, plant and equipment is included in the carrying amount of the asset or recognised as a separate asset, as appropriate only when it is possible that the future economic benefits associated with the asset will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in the consolidated statement of profit or loss.

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets or the duration of contractual agreements with off-takers.

	Useful life
Production facilities	30 years
Capital spares	30 years
Solar photovoltaic assets	20 years
Furniture, fixtures, and office equipment	3-7 years
Motor vehicles	4-5 years
Computer software	3 years
"C" inspection costs	3-5 years

Capital work-in-progress are not depreciated. Once completed work-in-progress are re-classified to the appropriate category of property, plant and equipment and depreciated accordingly.

Capital spares are depreciated over its remaining useful life when it is being put to use.

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

Derecognition

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtain control) or when no future economic benefits are expected from its use or disposal. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and is included in the consolidated statement of profit or loss.

d) Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the lease commencement date at cost, which comprises the initial amount of the lease liability (see accounting policy "Lease liabilities") adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the lease term and its useful life. It is depreciated over its useful life, if the lease agreement either transfers ownership of the right-of-use asset to the Group by the end of the lease term or reflects that the Group will exercise a purchase option at the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related lease liability (see accounting policy "Lease liabilities").

Derecognition

An item of a right-of-use asset is derecognised at the earlier of end of the lease term, cancellation of lease contract or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group, the carrying value of the right-of-use asset is reclassified to property and equipment.

e) Goodwill

Initial measurement

Goodwill arising on the acquisition of a business is measured as the excess of the consideration transferred over the fair value of the identifiable net assets acquired. In case the consideration transferred is less than the fair value of the net identifiable assets acquired, then the difference is recognized directly in profit or loss as a bargain purchase. Where settlement of any part of consideration transferred is deferred, the consideration to be transferred in future periods is discounted to present value as at the date of the transaction. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

Subsequent measurement

Goodwill is not amortised, but is tested for impairment on an annual basis or more frequently if there are events and circumstances indicating that it has been impaired (See accounting policy "Impairment").

f) Intangible assets

Recognition and measurement

Intangible assets comprise the Power and Water Purchase Agreements (PWPA) that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in the consolidated statement of profit or loss.

The estimated useful life of the contract rights over the Power and Water Purchase Agreement is 25 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Derecognition

An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

g) Inventories

Inventories comprise spare parts, chemicals, and consumables, which are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average method or FIFO as appropriate, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

When inventories are allocated to another asset the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in profit or loss in the period of the write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in profit or loss in the period in which the reversal occurs.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

h) Leases

Leases – Group as a lessee:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The above policy is applied to contracts effective as on or entered into after 1 January 2019.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy "Property and equipment") and a lease liability are recognized at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Lease liabilities are subsequently measured at amortised cost using the effective interest method.

A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases – Group as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

Leases in which a significant portion of the risk and rewards of ownership are transferred to the lessee are classified as finance leases. They are initially recognised as "Finance lease receivables" on the statement of financial position at the present value of the minimum lease payments (the net investment in the lease) receivable from the lessee over the period of the lease. Over the lease term, each lease payment made by the lessee is allocated between the "Finance lease receivables" and "Finance lease income" in profit or loss so as to achieve a constant rate on the finance lease receivable balance outstanding.

i) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. An accounts receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

Classification on initial recognition

On initial recognition, a financial asset is classified at:

- amortised cost – 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 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 (SPPI) on the principal amount outstanding.
- Fair Value Through Other Comprehensive Income (FVOCI) - if it meets both of the following conditions and is not designated as at FVTPL:

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

- 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 SPPI on the principal amount outstanding.
- Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model. The Group has classified on initial recognition its loans receivable, its trade receivables, its receivables from related parties, its dividend receivable, its other receivables and its cash at bank at amortised cost. The Group does not hold any other financial assets.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Assessment whether contractual cash flows are Solely Payments of Principle and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

- Financial assets at amortised cost - 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 profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets at Fair Value Through Profit or Loss (FVTPL) - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.
- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss. The Group does not hold such assets.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The Group does not have financial liabilities at FVTPL.

Other financial liabilities (loans and borrowings, and other payables) are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

Derecognition*Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it 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 in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In the case the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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 profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the 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 asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

The Group and certain equity-accounted investees of the Group hold derivative financial instruments to hedge their interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Certain derivatives are designated as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a cost of hedging reserve within equity.

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Hedges directly affected by interest rate benchmark reform

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

j) Impairment**Non-derivative financial assets**

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost (loans receivable, trade and other receivables, receivables from related parties, and cash at bank). The Group does not hold financial assets measured at FVOCI or debt investments and equity investments that are measured subsequently at FVTPL.

The Group measures loss allowance either at an amount equal to:

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group considers that it is not exposed to any credit risk with respect to its receivables from governments or their controlled entities.

For the financial assets, except for the cash at bank, the Group applied the simplified approach to measuring ECLs which recognises the lifetime ECLs of these assets that reflect an increased credit risk. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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.

Loss allowances on bank balances are always measured at an amount equal to 12-month ECLs. The Group considers bank balances to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the customer;
- a breach of contract such as a default or a dispute with the customer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower / customer will enter into bankruptcy or other financial reorganisation.

Presentation of loss allowance on financial assets in the statement of financial position

Any loss allowance on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

4. Summary of significant accounting policies (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Non-financial assets

At each reporting date, management reviews the carrying amounts of its non-financial assets (Property, plant and equipment, right-of-use assets, investment in equity accounted investees and goodwill, but not inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

k) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, with an original maturity of three months or less, as they are considered an integral part of the Group's cash management.

l) Assets held for sale / distribution

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale / distribution if it is highly probable that they will be recovered primarily through sale rather than through continuing use or when the entity is committed to distributing the asset or disposal group to its owners .

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial recognition of assets held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale / distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

m) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

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

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale / distribution. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

o) Foreign currency translation reserve

The translation reserve records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the profit or loss.

p) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans which are provided to its employees, are expensed as the related service is provided. For Qatari nationals, the Group makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Company's share of contributions to these schemes are charged to profit or loss to the year they relate.

Defined benefit plans

The Group provides end of service benefits to its employees in accordance with employment contracts and the Qatar Labour Law. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment. The expected costs of these benefits are accrued over the period of employment.

q) Provisions

A provision is recognised when:

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value, of the best estimate, of the amount required to settle the obligation. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

r) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers for sales of goods or services in the ordinary course of the Group's activities is recognized in accordance with the following 5-step model:

- Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
- Identify performance obligations within the contract: A performance obligation is a promise to deliver a good or a service to a customer.
- Determine the transaction price: The transaction price is the amount to which the Group expects to be entitled in exchange for delivering the promised goods or services to a customer.
- Allocate the transaction price to the performance obligations, if more than one.
- Recognize revenue as and when the performance obligation(s) is/are satisfied.

Revenue from sale of water and electricity

Revenue from sale of water and electricity is recognised at a point in time when control of the goods and service is transferred to the customer, generally on delivery of the goods and services. The Group recognises output charges revenue based on the sent-out electricity and water on a monthly basis.

The Group sells power and water, produced in power generation and water desalination plants operating with gas, coal, wind and solar energy. Customer takes control of the power and water at the time these are dispatched from the plant. At this point, the customer has full discretion over the manner of distribution and price to sell the power and water, has the primary responsibility when on selling the power and water, and bears the risks of loss in relation of power and water in the network. Therefore, revenue is recognised when the power and water leave the Group's plants.

Revenue from available capacity relating to fixed capital recovery and fixed operations and maintenance

Revenue from available capacity relating to fixed capital recovery and fixed operations and maintenance is recognised on a systematic basis when the Group makes the capacity available to off-taker as per the terms of the Power and Water Purchase Agreement (PWPA).

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

Revenue from other sources

Income from finance lease

Income from finance lease in which the Group is lessor is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Fee income

Fee income is recognized though the period for which the services are provided. The Group generates free income from providing technical, financial and construction management services.

r) Income tax

Income tax expense comprises current and deferred tax attributed to each of the Group entities. It is recognized in profit or loss.

Current tax

Current tax comprises the total of the expected tax payable or receivable on the taxable profit or loss for the year, adjusted for any corrections to the tax payable or receivable of previous years. It is calculated on the basis of the local and foreign tax laws enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognized in respect of temporary differences arising between the carrying amounts of assets and liabilities reported in the financial statements of each Group entity and their respective amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date.

t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

u) Foreign currency transactions and balances

Transactions in foreign currencies during the year are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognized in the consolidated statement of profit or loss. On consolidation, the assets and liabilities of foreign operations are translated into QAR at the rate of exchange prevailing at the

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
4. Summary of significant accounting policies (continued)

reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

v) Dividend distribution to the Company's shareholders

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

w) Government grants

A government grant in the form of a transfer of a non-monetary asset, such as land or other resources, which is intended for use by the entity are recognized, at a nominal amount.

x) Fair values

The Group measures financial instruments such as derivatives, and non-financial assets such as investment securities, at fair value at each 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
- In the absence of a principal market, in the most advantageous market for the asset or liability

y) Pass-through items

All pass-through items defined under the provision of PWPA shall be reimbursed by the off takers in accordance with the relevant clauses of PWPA. All pass-through items are recorded as receivable from the off takers and payable to respective third party.

z) Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be recognise or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be recognise within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

5. Property, plant and equipment (continued)

	Production facilities (A)	Furniture, fixtures and office equipment	Motor vehicles	“C” inspection costs (B)	Capital spares	Capital work in progress	Total
Cost:							
At 1 January 2021	10,693,029	37,946	6,174	211,862	50,487	2,580	11,002,078
Additions	-	579	41	41,815	-	-	42,435
Disposals/write-offs	-	(7,591)	(57)	(56,396)	-	-	(66,624)
At 31 December 2021	10,693,029	30,934	6,158	197,281	50,487	-	10,977,889
Accumulated depreciation and impairment							
At 1 January 2021	5,766,635	35,106	5,304	116,300	37,846	-	5,961,191
Depreciation (D)	235,219	1,246	490	36,233	2,444	-	275,632
Depreciation on disposals	-	(7,591)	(57)	(56,396)	-	-	(64,044)
At 31 December 2021	6,001,854	28,761	5,737	96,137	40,290	-	6,172,779
Carrying amounts							
At 31 December 2021	4,691,175	2,773	421	101,144	10,197	-	4,805,110

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

5. Property, plant and equipment

	Land	Production facilities (A)	Solar photovoltaic assets	Furniture, fixtures and office equipment	Motor vehicles	“C” inspection costs (B)	Capital spares	Capital work in progress (E)	Total
Cost:									
At 1 January 2022	-	10,693,029	-	30,934	6,158	197,281	50,487	-	10,977,889
Additions	-	-	-	1,751	535	34,089	-	9,924	46,299
Acquired through business combination (Note 41)	528	-	882,161	750	550	-	-	771,133	1,655,122
Capitalisation	-	-	776,687	-	-	-	-	(776,687)	-
Disposals/transfers	-	-	(8,013)	(18,140)	(210)	(693)	(2,288)	-	(29,344)
Transfer from inventories (Note 12)	-	-	-	-	-	-	124,149	-	124,149
Effects of movements in exchange rates	(127)	-	(93,983)	-	-	-	-	42,190	(51,920)
At 31 December 2022	401	10,693,029	1,556,852	15,295	7,033	230,677	172,348	46,560	12,722,195
Accumulated depreciation and impairment									
At 1 January 2022	-	6,001,854	-	28,761	5,737	96,137	40,290	-	6,172,779
Depreciation (D)	-	235,197	40,029	1,917	510	46,239	2,949	-	326,841
Depreciation reversal (C)	-	-	-	-	-	(39,674)	-	-	(39,674)
Depreciation on disposals	-	-	(2)	(18,356)	(210)	(693)	-	-	(19,261)
Transfer from inventories (Note 12)	-	-	-	-	-	-	124,149	-	124,149
Adjustments	-	-	(9,364)	(616)	-	-	-	-	(9,980)
Impairment (F)	-	83,094	-	-	-	-	-	-	83,094
At 31 December 2022	-	6,320,145	30,663	11,706	6,037	141,683	127,714	-	6,637,948
Carrying amounts									
At 31 December 2022	401	4,372,884	1,526,189	3,589	996	88,994	44,634	46,560	6,084,247

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
5. Property, plant and equipment (continued)

In thousands of Qatari Riyals

(A) Production facilities

The land on which the RAF A1, RAF A2, RAF A3, RAF B, RAF B1 and RAF B2 plants were constructed has been leased to the Company by the State of Qatar free of rent for a period of 50 years commencing from 5 July 1990 under the Emiri Decree No. 24 of 2001. The land on which the Dukhan desalination plant is situated has been leased to the Company by QatarEnergy for a period of 25 years from the acquisition date of the plant, 01 January 2003.

(B) "C" Inspection costs

Costs incurred for the production facilities under an Inspection and Maintenance program have been capitalized under "C" inspection costs. These costs are accounted for as separate assets as they have an estimated useful life of 3-5 years. Costs incurred on "C" inspections in progress are included under capital work in progress. On completion of these inspections, their cost will be capitalized under the "C" inspection costs category.

(C) Reversal Of Depreciation Charge

During 2022, the Group conducted an operational efficiency review of all the plants, which resulted in changes in the expected usage of strategic and noble parts (capital spares). These capital spares, which management had earlier estimated a useful life of 20 years, is now expected to remain in good condition at least until the end of tenure of the Power and Water Purchase Agreement. As a result, the expected useful life of the spares increased and revised the estimated residual value. The effect of these changes on actual and expected depreciation expense, included in 'cost of sales', was as follows:

In millions of QAR	2022	2023	2024	2025	2026	Later
(Decrease) / increase in depreciation expense	(39.67)	(3.25)	(3.25)	(3.25)	(3.25)	(12.41)

(D) Depreciation

The annual depreciation charge has been allocated to profit or loss as follows:

	2022	2021
Cost of sales (Note 26)	281,677	273,920
General and administrative expenses (Note 27)	5,490	1,712
	287,167	275,632

(E) This represents solar energy projects under construction in Netherlands and Brazil. These projects are expected to be completed and put into operation in 2023.

(F) During the year, owing to proposed revision in the existing power purchase agreement (PPA) with KAHRAMAA for RAF B1 station and the early termination of water purchase agreement with QatarEnergy for Dukhan Plant, management identified impairment indicators related to these two plants. Following this an impairment assessment was performed by management, which resulted in an impairment loss amounting to QAR 63.4 million and QAR 19.7 million, respectively on these plants, which is recognised under the general and administrative expenses (Refer Note 27). The recoverable value of Dukhan Plant was considered to be zero as no future cashflows were forecasted due to termination of the contract, whereas for RAF B1 station the recoverable value was determined to be QAR 51.3 million as against the carrying value of QAR 114.7 million as of the reporting date. The recoverable value was determined based on the discounted cash flows forecasted until 31 December 2029 using a discount rate of 5.28%. Management has applied a significant judgement that the existing PPA would extend until 31 December 2029.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

6. Leases

The Group has sub-leased the office premises for a period of 60 months, with an option to renew the lease after that date by mutual agreement. Management has not considered any extension option for any of its leases. The Group is restricted from entering into any further sub-lease arrangements without the written consent of the lessor.

The Group leases properties for staff accommodation. Majority of these leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Further, the Group leases vehicles and equipment on short-term basis where it does not recognise right of use assets and lease liabilities.

(a) Right-of-use assets

	2022	2021
Cost:		
At 1 January	31,825	35,055
Additions	21,724	-
Acquired through business combination	27,104	-
Effects of movements in exchange rates	788	-
Termination of lease	(9,411)	(3,230)
At 31 December	72,030	31,825
Accumulated depreciation		
At 1 January	8,890	5,539
Depreciation (Note 27)	8,409	4,191
Termination of lease	(2,979)	(840)
At 31 December	14,320	8,890
Carrying amounts		
At 31 December	57,710	22,935

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
6. Leases (continued)

(b) Lease liabilities

	In thousands of Qatari Riyals	
	2022	2021
At 1 January	26,103	32,182
Additions	21,724	-
Acquired through business combination	27,062	-
Interest expense (Note 30)	2,199	1,376
Payments	(8,745)	(4,626)
Termination of lease	(6,509)	(2,829)
At 31 December	61,834	26,103

The lease liabilities are presented in the consolidated statement of financial position as at 31 December as follows:

	2022	2021
Non-current	55,225	23,066
Current	6,609	3,037
At 31 December	61,834	26,103

The following are the amounts recognised in the statement of profit or loss:

	2022	2021
Depreciation of right-of-use assets (Note 27)	8,409	4,191
Interest on lease liabilities (Note 30)	2,199	1,376
Gain / (loss) on termination of lease	79	(439)

(c) Extension options

The sub-lease arrangements contain extension option exercisable by the Group and to be agreed by mutual consent. The extension options held are exercisable only by the Group and not by the lessor. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension option.

(d) Finance lease receivables

The Group has determined that one of the subsidiaries (Ras Laffan Power Company Limited Q.P.S.C.) Power and Water Purchase Agreement (PWPA) with KAHRAMAA contained a lease in accordance with IFRIC 4, which was grandfathered, when the group transitioned to IFRS 16 and, accordingly, the Group has accounted for the cost of the plant as a finance lease receivable.

Present value of minimum lease receivable is the gross lease receivable in the lease discounted at the interest rate implicit in the lease. The interest rate of 9.32% per annum (2021: 9.32% per annum) is estimated by the management as the interest rate implicit in the lease. Income from finance leases is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The finance lease receivables at the end of the reporting period were neither past due nor impaired.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
6. Leases (continued)

	2022	2021
Gross lease receivable	1,048,521	1,147,871
Unearned finance income	(250,102)	(324,565)
Present value of minimum lease receivable	798,419	823,306

The finance lease receivable is presented in the consolidated statement of financial position as follows:

	2022	2021
Non-current portion	764,888	798,419
Current portion	33,531	24,887
798,419	823,306	

The non-current portion is further analysed as follows:

	2022	2021
Later than one year and not later than five years	633,868	559,940
Later than five years	131,020	238,479
764,888	798,419	

At 1 January
Lease interest recognized during the year
Capital and lease interest recovered during the year
At 31 December

	2022	2021
823,306	973,613	
75,730	93,554	
(100,617)	(243,861)	
798,419	823,306	

7. Intangible assets and goodwill

During the previous years, the Group has identified and recorded the following intangible assets with definite useful lives and goodwill.

	2022	2021
Intangible assets (i)	41,792	47,762
Goodwill (ii)	30,813	30,813
Total	72,605	78,575

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
7. Intangible assets and goodwill (continued)

(i) Intangible assets

Cost:

As at 1 January (1)

At 31 December

Amortisation:

At 1 January (1)

Amortisation (Note 27)

At 31 December

Net carrying amount:

At 31 December

In thousands of Qatari Riyals

	2022	2021
As at 1 January (1)	113,430	113,430
At 31 December	113,430	113,430
Amortisation:		
At 1 January (1)	65,668	59,698
Amortisation (Note 27)	5,970	5,970
At 31 December	71,638	65,668
Net carrying amount:		
At 31 December	41,792	47,762

(1) This represents the contract rights from the Power and Water Purchase Agreement entered into between Ras Laffan Power Company Q.P.S.C., a subsidiary of the Company, and KAHARAMAA for the supply of electricity and desalinated water to KAHARAMAA for a period of 19 years from the date of step-up acquisition on 20 October 2010.

(ii) Goodwill

Acquisition of subsidiaries

Goodwill is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities on the date of acquisition. Goodwill has been allocated to the cash-generating unit that benefits from the business combination as follows.

Cash generating unit

Ras Laffan Power Company Limited Q.P.S.C.

Less: impairment

	2022	2021
Ras Laffan Power Company Limited Q.P.S.C.	30,813	30,813
Less: impairment	-	-
30,813	30,813	30,813

Impairment testing of goodwill

Key assumptions used in value in use calculations

The recoverable amount of cash generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering remaining power and water purchase agreement period.

The principal assumptions used in the projections relate to Weighted Average Cost of Capital (WACC). The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
7. Intangible assets and goodwill (continued)

Discount rates

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital for the cash generating unit (CGU). Please also refer accounting policies disclosed in note 4(e) and 4(j).

Cash generating units

Ras Laffan Power Company Limited Q.P.S.C.

Discount rates used in 2022
5.28%

Discount rates used in 2021

5.00%

Growth rate estimates

Future expected cash flows used in the calculation of the value in use were mainly derived from the existing power and water purchase agreements. These include fixed and variable capacity charges, specific yields, peak % and the proposed tariffs, which are all governed by the respective power and water purchase agreements.

Management has performed impairment testing exercise for the cash generating unit and determined the recoverable value to be higher than the carrying value. Therefore, no impairment was required to be recorded as at 31 December 2022 (2021: No impairment).

Sensitivity testing

At 31 December 2022, the results of the sensitivity tests show that no reasonably possible change in key assumptions brought the recoverable value of these CGUs below their net carrying amounts.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

	At 1 January 2022	Acquired through business combination	Additions / (capital reduction)	Share of results	Dividends received	Share of other comprehensive income - cash flow hedges	Share of other comprehensive income - foreign currency translation	Share of foreign currency translation difference	At 31 December 2021	At 31 December 2022
AES Jordan Solar B.V.	-	28,218	-	2,422	-	674	-	-	-	31,314
Stockyard Hill Wind Farm (Holding) Pty Ltd	-	764,354	(50,681)	9,666	-	(164,909)	-	-	-	558,430
Unique Meghnaghhat Power Limited	-	145,022	15,837	(464)	-	-	-	-	-	160,395
NEKS Energy B.V. (Netherlands)	-	-	7,073	-	-	-	-	-	-	7,073
Moorabool Wind Farm	-	-	933,055	-	-	-	-	-	-	933,055
	5,072,541	3,501,579	906,821	669,418	(404,648)	2,564,294	21,093	(3,426,418)	8,904,680	

	At 1 January 2021	Additions	Share of results	Dividends received	Share of other comprehensive income	Share of foreign currency translation difference	At 31 December 2021
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Joint ventures:

Nebras Power Q.P.S.C. (Note i)	3,048,454	-	123,762	-	53,058	(20,129)	3,205,145
Umm Al Houl Power Q.P.S.C.	451,742	145,365	135,096	(80,919)	343,201	-	994,485
Qatar Power Q.J.P.S.C. (Note ii)	422,225	-	77,376	(110,089)	23,448	-	412,960
Ras Girtas Power Company Q.P.S.C. (Note iii)	-	-	154,095	(131,220)	127,328	-	150,203
Mesaieed Power Company Q.P.S.C. (Note iv)	-	-	64,293	(48,845)	122,948	-	138,396

Associate:

Siraj Energy Q.P.S.C. (Note v)	77,571	64,052	15,499	-	14,230	-	171,352
	3,999,992	209,417	570,121	(371,073)	684,213	(20,129)	5,072,541

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

8. Investment in equity-accounted investees

	At 1 January 2022	Acquired through business combination	Additions / (capital reduction)	Share of results	Dividends received	Share of other comprehensive income - cash flow hedges	Share of other comprehensive income - foreign currency translation	De-recognition / re-classification	At 31 December 2022
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Joint ventures:

Umm Al Houl Power Q.P.S.C.	994,485	-	264,455	(96,228)	997,248	-	-	-	2,159,960
Qatar Power Q.J.P.S.C. (Note i)	412,960	-	-	96,991	(109,615)	23,531	-	-	423,867
Ras Girtas Power Company Q.P.S.C. (Note iv)	-	-	-	168,710	(65,610)	1,267,367	-	-	1,520,669
Mesaieed Power Company Q.P.S.C.	150,202	-	-	-	-	-	-	-	-
Nebras Power Q.P.S.C. (Refer Note 41)	138,398	-	-	45,930	(12,393)	327,709	-	-	499,644
Acquired through business combination	3,205,145	-	-	(76,435)	-	39,141	22,240	(3,190,091)	-
Shams Maan Solar UK Ltd	-	45,625	-	2,085	(8,412)	4,156	-	-	43,454
Nebras IPC Power Developments Ltd	-	910	-	(199)	-	-	-	-	711
Zonnehpark Mosselbanken Tem	-	27,389	250	8,557	(8,154)	-	-	-	28,042
Zonnehpark Dulsterweg B.V.	-	7,027	1,287	(96)	-	-	-	-	8,218
NEC Energia e Participacoes S.A.	-	117,527	-	6,855	-	123	(1,084)	-	123,421
NEC Desenvolvimento de Projectos em Energia e Participacoes S.A.	-	25,799	-	2,098	(1,764)	(117)	(63)	-	25,953

Associates:

Siraj Energy Q.P.S.C. (Refer Note 39)	171,351	-	8,679	-	56,297	-	(236,327)	-	-
Acquired through business combination	-	196,934	-	10,568	(3,409)	9,218	-	-	213,311
Phoenix Power Company SAOG	-	-	-	958	2,249	-	-	-	3,207
Company L.L.C.	-	174,174	-	5,510	-	-	-	-	179,684
AES Oasis Ltd	-	239,765	-	9,855	-	-	-	-	249,620
AES Baltic Holding B.V.	-	1,498,467	-	84,708	(89,951)	-	-	-	1,493,224
PT Paiton Energy Pte Ltd	-	86,580	-	8,129	-	-	-	-	94,709
IPM Asia Pte Ltd	-	10,436	(11,361)	3,856	-	-	-	-	146,719
Minejesa Capital B.V.	-	-	-	-	-	-	-	-	-

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

8. Investment in equity-accounted investees (continued)

(i) Nebras Power Q.P.S.C.

In July 2022, the Group acquired additional 40% of the shares and voting interests in Nebras Power Q.P.S.C. ("Nebras"). As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras (Refer Note 41).

On 5 January 2022, the Company entered into a bridge loan facility amounting to USD 550 million (QAR 2 billion) with Mizuho Bank, Ltd., to be applied towards its payment of the purchase price, fees and associated costs in respect to the acquisition of the remaining 40% interest in Nebras Power Q.P.S.C. (refer Note 22).

(ii) Qatar Power Q.J.P.S.C.

On 3 September 2020, the General Tax Authority (GTA) issued an income tax assessment for the years from 2010 to 2018 requiring Qatar Power Q.J.P.S.C. (Qpower) to pay additional taxes of USD 27.6 million (QAR 100.6 million). This includes penalties amounting to USD 10.4 million (QAR 37.9 million). In light of the tax assessment received, a provision for tax has been recognised amounting to USD 17.2 million (QAR 62.7 million). Qpower recognized the same amount as a receivable as per the MOU signed on 2 February 2020.

Subsequently, on 26 January 2022, the GTA, in its response, clarified these taxation related uncertainties in favour of Qpower. Further, in the appeal court hearing dated 27 January 2022, the appeal court verbally communicated their decision with regard to the taxability of foreign shareholders' share of profits in Qpower which was in line with the GTA response letter. However, there were certain matters which were not clarified by the appeal court, and were expected to be clarified in the formal written decision.

The formal written decision letter was received by Qpower on 14 February 2022, wherein it was clarified that foreign shareholding needs to be adjusted while disallowing "Directors' Remuneration" from taxable profits and reducing the resultant penalties to 30%. Management noted certain interpretation issues pertaining to the adjustment of foreign shareholding in Qpower, which were not clarified in the written letter, as the letter did not specify to what extent the foreign shareholding of QEWC would be adjusted. Further, the decision was also silent with regards to the retrospective application of taxability of indirect foreign shareholding of QEWC in Qpower for the years 2016 and 2017 (open assessment years) as the changes were introduced in 2019 after the enactment of the New Executive Tax Regulations. The management raised the matter to the primary court pleading that the tax assessments for the years 2016 and 2017 were incorrect and unjustified. A hearing was held on 15 June 2022, and the court had appointed an independent expert to calculate the foreign shareholding in QEWC and the tax liability of Qpower for the years 2016 and 2017.

On 25 October 2022, the Court issued its judgment in favour of Qpower in line with the findings of the independent expert report with no tax liability due from Qpower. According to the Court judgement, it was implied that Qpower did not delay any tax payment, and the imposed differences, including tax penalties, and additional taxes, by GTA were not due. However, some discrepancies in the judgement and its finding were noted. Having consulted with the legal advisor, the management has decided to appeal against the judgement before the Court of Cassation.

Although Qpower received the judgment in its favour, due to vagueness in the judgement and uncertainties of the outcome, Qpower has continued to maintain the liability amounting to USD 17.2 million excluding penalties as per open assessment orders. As per the MOU, the MoF undertakes to settle the income tax amounts payable by the Company for the previous years. The Company is also entitled to claim the tax paid up to 14 June 2018 from KAHARAMAA as a pass-through item as agreed with KAHARAMAA. Accordingly, the Company has recorded income tax receivables of USD 17.2 million against the tax assessments received from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

8. Investment in equity-accounted investees (continued)

Management expects that the tax penalties imposed by the GTA in relation to the above dispute will be waived off after the final resolution of this matter with the GTA. Therefore, no adjustments to the consolidated financial statements were necessary.

(iii) Ras Girtas Power Company Q.P.S.C.

On 29 August 2019, the General Tax Authority (GTA) issued an income tax assessment for the years from 2010 to 2018 requiring Ras Girtas Power Company Q.P.S.C. (RGPC) to pay additional taxes of USD 85 million (QAR 310 million). This includes penalties amounting to USD 27 million (QAR 98.4 million). The Company had a tax holiday for the period between April 2011 and March 2017.

RGPC wrote a detailed response to GTA on 26 September 2019 as per the requirement of the tax law, rejecting the full amount claimed by the GTA, however RGPC was not responded in due time. RGPC then filed an appeal with the Appeal Committee under the provisions of the law which is pending for hearing. However, in light of the tax assessment received, a provision for tax has been recognised of USD 85 million (QAR 310 million).

As per the MOU signed on 2 February 2020, the MoF also undertakes to settle the income tax amounts payable by RGPC for the previous years. RGPC also has pass through arrangements for income tax as per the terms of the PWPA. Accordingly, RGPC has recorded income tax receivables of USD 85 million (QAR 310 million) against the tax assessment received for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

(iv) Siraj Energy Q.P.S.C.

For the construction of the solar asset in Siraj(1) (underlying asset in Siraj Energy), the first target power date was initially planned to be achieved in April 2021, however, due to COVID-19 and other factors, the construction was delayed, and the target first power date is achieved in the first week of September 2022 and the Target Facility Date is met on 18 October 2022.

Although time extension claim was submitted by the EPC Contractor, which was passed through to KAHARAMAA, Siraj(1) has recorded liquidated damages payable to KAHARAMAA for the entire period of delay (actual and forecast) as an expense in the statement of profit or loss to comply with the requirements of IFRS. Further, as per the EPC contract, Siraj(1) is eligible to claim liquidated damages from the EPC contractor for the delay in achieving the Target First Power Date and Target Facility Date.

Management has applied significant judgment and have assessed that the EPC contract gives contractual right to Siraj1 to claim the delayed liquidated damages from the EPC contractor and based on the external legal opinion obtained by Siraj1, it is virtually certain that Siraj1 will recover these charges from the EPC contractor, therefore, these liquidated damages receivable from the EPC contractor is recognised as an other income by Siraj(1).

(v) Umm Al Houl Power P.Q.S.C.

The share of results include the operating margin of USD 31.2 million (QAR 113.6 million) generated during the post COD period until the acceptance of the fuel demand model under the PWPA ("FDM") which included an allowance for a variable fuel charge. This was not recognised as revenue in the previous years and was deferred as a PWPA contingency until all obligations of the Company under PWPA were satisfied and associated uncertainties become remote. During the year, management decided to recognize the aforementioned deferred operating margin as revenue during the current financial year after getting the necessary approvals from the board of directors and the shareholders including a legal opinion concluding that it is not probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

The movements in the Group's investments in the equity-accounted investees were as follows:

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
8. Investment in equity-accounted investees (continued)

	In thousands of Qatari Riyals	
	2022	2021
At 1 January		
Acquired through business combination (Refer Note 41 (c))	5,072,541	3,999,992
Deemed disposal of existing interest in a joint venture (Refer Note 41 (e))	3,501,579	-
Additional investment made during the year	(3,190,091)	-
Reclassification to asset held-for-sale (Refer Note 39)	906,821	209,417
Share of results for the year	(236,327)	-
Share of other comprehensive income – cash flow hedges	669,418	570,121
Share of other comprehensive income – foreign currency translation	2,564,294	684,213
Dividends received	21,093	(20,129)
At 31 December	(404,648)	(371,073)
	8,904,680	5,072,541

The following table summarizes the financial information of the Group's equity-accounted investees as included in their own financial statements and reconciles the summarised information to the carrying amount of the Group's interest in the equity-accounted investees.

	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity interest	Group's interest	Revenue/other income	Profit/(loss) for the year	OCI for the year	TCI	Group's share of results	Group's share of OCI
											At 31 December 2022	At 31 December 2022
Joint ventures:												
Umm Al Houl Power Q.P.S.C.	11,812,536	1,085,309	(8,726,536)	(571,375)	3,599,934	60%	2,267,980	441,849	1,659,713	2,101,562	265,109	995,828
Qatar Power Q.J.P.S.C.	751,486	724,826	(308,316)	(419,707)	748,289	55%	784,663	143,741	42,781	186,522	79,057	23,530
Ras Girtas Power Company Q.P.S.C.	10,287,155	1,796,774	(8,372,587)	(1,549,340)	2,162,002	45%	2,630,825	374,686	1,593,446	1,968,132	168,609	717,051
Mesaleed Power Company Q.P.S.C.	5,620,119	949,853	(4,326,953)	(993,913)	1,249,106	40%	1,060,590	114,825	819,272	934,097	45,930	327,779
Nebras IPC Power Developments Ltd	411,479	42,591	(306,095)	(43,951)	104,025	35%	38,293	5,957	11,874	17,831	2,085	4,156
Zonnepark Mosselbanken Tem.	131,259	8,469	(132,682)	(2,533)	4,513	40%	-	21,393	-	21,393	8,557	-
Zonnepark Dulsterweg B.V.	1,805	166	(1,672)	(86)	213	40%	-	(240)	-	(240)	(96)	-
NEC Energia e Participacoes S.A.	214,667	35,919	(30,993)	(20,129)	199,464	50%	51,456	13,710	246	13,956	6,855	123
NEC Desenvolvimento e Projectos em Energia e Participaões S.A.	13,568	32,194	(2,712)	(11,698)	31,352	50%	-	4,196	(234)	3,962	2,098	(117)
NEKS Energy B.V.	-	-	-	-	33,33%	-	-	-	-	-	-	-
Associates:												
Phoenix Power Company SAOG	4,755,955	580,722	(2,454,143)	(599,810)	2,282,724	9.84%	663,966	107,398	26,337	56,531	10,568	2,607
Phoenix Operation and Maintenance Company L.L.C.	-	32,600	(1,445)	(9,530)	21,625	15%	-	6,387	-	1,916	958	-

In thousands of Qatari Riyals

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

8. Investment in equity-accounted investees (continued)

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

At 31 December 2021									
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Group's interest	Revenue/other income	Profit/(loss) for the year	OCI for the year
Joint ventures:									
Nebras Power Q.P.S.C.	4,984,358	3,796,781	(2,721,810)	(77,421)	5,341,908	3,205,145	1,049,093	206,270	54,881
Umm Al Houl Power Q.P.S.C.	10,836,279	966,457	(9,225,066)	(920,195)	1,657,475	994,485	1,953,829	225,161	572,001
Qatar Power Q.J.P.S.C.	1,024,712	770,553	(554,616)	(489,813)	750,836	412,960	717,835	140,682	42,635
Ras Girtas Power Company Q.P.S.C.	10,728,230	2,353,689	(8,643,006)	(4,105,130)	333,783	150,202	2,524,192	342,433	786,393
Mesaleed Power Company Q.P.S.C.	5,870,320	1,006,538	(5,553,810)	(977,052)	345,996	138,398	1,042,233	160,733	511,984
Associate:									
Siraj Energy Q.P.S.C.	337,657	21,524	(9,485)	-	349,696	171,351	34,996	31,631	29,039
								60,670	15,499
									14,229

	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Group's interest	Revenue/other income	Profit/(loss) for the year	OCI for the year	TCI	Group's share of results	Group's share of OCI
Joint ventures:												
Nebras Power Q.P.S.C.	4,984,358	3,796,781	(2,721,810)	(77,421)	5,341,908	3,205,145	1,049,093	206,270	54,881	261,151	123,762	32,929
Umm Al Houl Power Q.P.S.C.	10,836,279	966,457	(9,225,066)	(920,195)	1,657,475	994,485	1,953,829	225,161	572,001	797,62	135,097	343,201
Qatar Power Q.J.P.S.C.	1,024,712	770,553	(554,616)	(489,813)	750,836	412,960	717,835	140,682	42,635	183,317	77,375	23,449
Ras Girtas Power Company Q.P.S.C.	10,728,230	2,353,689	(8,643,006)	(4,105,130)	333,783	150,202	2,524,192	342,433	786,393	1,128,826	154,095	127,328*
Mesaleed Power Company Q.P.S.C.	5,870,320	1,006,538	(5,553,810)	(977,052)	345,996	138,398	1,042,233	160,733	511,984	672,717	64,293	122,948*
Associate:												
Siraj Energy Q.P.S.C.	337,657	21,524	(9,485)	-	349,696	171,351	34,996	31,631	29,039	60,670	15,499	14,229

9. Equity investments at fair value through other comprehensive income

At 1 January
Acquired through business combination
Disposals
Net change in fair value
At 31 December

	2022	2021
3,164,944	2,571,376	
4,172	-	
(663,511)	-	
(182,842)	-	
2,322,763	3,164,944	

During the year, dividend income of QAR 160.9 million (2021: QAR 81.4 million) was received from equity investments at fair value through other comprehensive income, which is included under "other income" in the consolidated statement of profit or loss (Note 29).

All equity investments at fair value through other comprehensive income are equity securities listed on the Qatar Exchange. The fair value of the quoted equity shares is determined by reference to the published price quotations.

10. Other assets

At 1 January
Project development costs (1)
Debt service reserve (2)
Other non-current assets
Amortisation (Note 27)
At 31 December

	2022	2021
10,473	12,157	
5,397	-	
27,286	-	
1,599	-	
(1,765)	(1,684)	
42,990	10,473	

(1) This consists of incidental costs incurred for a potential future acquisition of an interest in an equity-investee and includes financial and technical due diligences, feasibility and market studies and financial and legal advisory expenses.

(2) This represents the balance the Group must hold on the reserve bank accounts, as a requirement from the lenders.

11. Taxation

The components of income tax are as follows:

Current tax (i)
Deferred tax (ii)

	2022	2021
1,336	-	
1,003	-	
2,339	-	

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

11. Taxation (continued)

(i) Current tax

The current tax comprises of the tax expenses incurred by the foreign subsidiaries of the Group which were acquired through business combination of Nebras Power Q.P.S.C. during the year.

Further, on 17 January 2019, Qatar published the Income Tax Law No. 24 of 2018 (the "New Tax Law") in the official Gazette. The New Tax Law is effective for financial years starting on or after 13 December 2018. The Executive Regulations to the New Tax Law were issued in December 2019. Article 2(12) of the Executive Regulations states that for the purposes of Article 4(13) of the Law, the exemption referred to in respect of the share of a non-Qatari investor shall not apply to his shares in the profits of a company owned by a listed company (i.e., whose shares are traded on the stock exchange in the State). This means that effective non-Qatari ownership of Qatar Electricity and Water Company Q.P.S.C. (QEWC) in the subsidiaries, joint ventures and associates is taxable.

On 2 February 2020, QEWC, QatarEnergy ("QE"), Ministry of Finance (MoF) and the General Tax Authority (GTA) reached an agreement through a Memorandum of Understanding ("hereby referred to as the MOU") which states that the income tax liability pertaining to certain listed companies' (including QEWC) share in their subsidiaries, joint ventures and associates would be borne by the MoF. Accordingly, application of the new Income Tax Law requirements stated above did not have any material impact on Group's consolidated financial statements for the years ended 31 December 2022 and 2021.

(ii) Deferred tax

	Acquired through business combination	Recognised in profit or loss	Cumulative translation adjustment Impact	Deferred tax asset as at 31 December 2022
Tax losses carried forward	49,157	(1,003)	(20,112)	28,042
Temporary differences for the year	(24,318)	-	28,400	4,082
	24,839	(1,003)	8,288	32,124

12. Inventories

	2022	2021
Spare parts	129,403	294,157
Provision for slow-moving inventories	(36,938)	(232,111)
	92,465	62,046
Others	1,522	1,864
	93,987	63,910

The movements in the provision for slow-moving inventories were as follows:

	2022	2021
At 1 January	232,111	261,865
Provision made (Note 27)	10,975	5,215
Transfer to property, plant and equipment (Note 5)	(124,149)	-
Reversal of provision	(81,999)	(34,969)
At 31 December	36,938	232,111

In 2022, following change in estimates related to provision of slow moving and obsolete inventories, a provision of QR 82.0 million (2021: QR 35.0 million) was reversed. The reversal was recorded under "other income".

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

13. Trade and other receivables

	2022	2021
Trade receivables (i)	633,855	434,097
Accrued interest receivable	58,591	21,618
Prepayments and advances	48,364	17,402
Dividend receivable	-	57,409
Other receivables (i)	37,726	35,514
Less: Allowance for impairment of receivables	778,536	566,040
	778,536	566,040

Amount due from related parties are disclosed in Note 36.

14. Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2022	2021
Cash at bank – call and current accounts (1)	826,729	353,915
Term deposits (2)	7,290,167	3,273,123
Cash in hand	75	75
Cash and bank balances	8,116,971	3,627,113
Term deposits with original maturity over 90 days	(6,634,460)	(2,997,645)
Cash and cash equivalents	1,482,511	629,468

Notes:

1- Cash held in bank current accounts earns no interest.

2- Term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn interest at market rates.

Cash and cash equivalents are denominated in the following currencies:

	2022	2021
Qatari Riyals	3,936,551	1,303,275
Euro	25,316	-
Brazilian Real	86,573	-
US Dollars	3,936,165	2,323,838
Ukrainian Hryvnia	20,498	-
Australian Dollars	111,868	-
8,116,971	3,627,113	

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

15. Share capital

Authorized, issued and paid-up share capital
1,100,000,000 ordinary shares with nominal value of QAR 1 each (All shares bear equal rights)

	2022	2021
	1,100,000	1,100,000

16. Legal reserve

In accordance with the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No. 8 of 2021), a minimum amount of 10% of the profit in each year is required to be transferred to a legal reserve until the legal reserve becomes equal to 50% of the Company's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above-mentioned Law. The Company made no transfers to its legal reserve in the current year and the comparative year as its legal reserve already reached 50% of its paid-up share capital.

17. General reserve

In accordance with the Company's Articles of Association, the General Assembly may allocate a portion of the profit to a general reserve. There is no restriction on the distribution of this reserve and the funds in the reserve are available for future development of the Company as decided by the General Assembly.

18. Hedge reserve

(a) Hedging reserves

The hedge reserve comprises the Group's share of the effective portion of the cumulative net change in the fair value of interest rate swaps used for cash flow hedging.

	2022	2021
At 1 January	(1,778,702)	(2,513,650)
Cash flow hedges – effective portion of changes in fair value – net of related tax	151,972	50,735
Equity-accounted investees - share of OCI – net of related tax (1)	2,564,294	684,213
Cash flow hedges reclassified to profit or loss on derecognition of a joint venture – net of related tax	(49,368)	-
At 31 December	888,196	(1,778,702)

(1) The share of other comprehensive income from equity-accounted investees were as follows:

	2022	2021
Umm Al Houl Power Q.P.S.C.	997,248	343,201
Qatar Power Q.J.P.S.C.	23,531	23,449
Ras Girtas Power Company Q.P.S.C.	1,267,367	127,328
Mesaieed Power Company Q.P.S.C.	327,709	122,948
Nebras Power Q.P.S.C.	39,141	53,058
Siraj Energy Q.P.S.C.	56,297	14,229

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

18. Hedge reserve (continued)

Phoenix Power Company SAOG	9,218	-
PT Paiton Energy Pte Ltd	-	-
Shams Maan Solar UK Limited	4,156	-
Minejesa Capital B.V.	3,856	-
Stockyard Hill Wind Farm (Holding) Pty Ltd	(164,909)	-
NEC Energia e Participacoes S.A.	123	-
NEC Desenvolvimento e Projectos em Energia e Participacoes S.A.	(117)	-
AES Jordan Solar B.V.	674	-
Total	2,564,294	684,213

(b) Derivatives

	2022	2021
Interest rate swaps used for hedging	78,954	-

The derivative assets are classified in the consolidated statement of financial position as follows:

	2022	2021
Non-current portion	77,536	-
Current portion	1,418	-
Total	78,954	-

	2022	2021
Interest rate swaps used for hedging	-	32,252

The derivative liabilities are classified in the consolidated statement of financial position as follows:

	2022	2021
Non-current portion	-	2,552
Current portion	-	29,700
Total	-	32,252

19. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income.

	2022	2021
At 1 January	1,048,081	454,513
Transfer directly to retained earnings on disposal of equity securities	(250,488)	-
Net unrealised gain on equity investments designated at FVOCI	(182,842)	593,568
Total	614,751	1,048,081

Notes to the consolidated financial statements
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In thousands of Qatari Riyals

20. Foreign currency translation reserve

The foreign currency translation reserve comprises the exchange differences on translation of foreign operations.

	2022	2021
At 1 January	(34,344)	(14,215)
Charge / (reversal) for the year	21,093	(20,129)
Reclassified to statement of profit or loss on derecognition of a joint venture	12,103	-
At 31 December	(1,148)	(34,344)

21. Non-controlling interests

Proportion of equity interest held by non-controlling interests are as follows:

	2022	2021
At 1 January	177,124	207,745
Acquired through business combination (refer note 41 (c))	145,970	-
Profit for the year	39,639	22,230
Dividends paid during the year	(29,160)	(52,851)
At 31 December	333,573	177,124

The financial information of Group's subsidiaries that have material non-controlling interests are provided below.

At 31 December 2022	Ras Laffan Power Company Q.P.S.C.	Nebras Brazil	Zon Exploitatie Nederland
NCI percentage	20%	20%	25%
Non-current assets	779,723	1,558,792	98,890
Current assets	129,657	106,939	26,587
Non-current liabilities	(15,935)	(751,811)	(84,377)
Current liabilities	(54,888)	(88,335)	(38,121)
Net assets	838,557	825,585	2,979
Net assets attributable to NCI	167,711	165,117	745

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
21. Non-controlling interests (continued)

At 31 December 2022	Ras Laffan Power Company Q.P.S.C.	Nebras Brazil	Zon Exploitatie Nederland
NCI percentage	20%	20%	25%
Revenue	493,387	133,481	25,510
Profit	99,683	25,993	8,591
Other comprehensive income	-	-	-
Total comprehensive income	99,683	25,993	8,591
Profit allocated to NCI	19,937	5,199	2,148
OCI allocated to NCI	-	-	-
Total comprehensive allocated to NCI	19,937	5,199	2,148
 Cash flows from operating activities	 95,741	 44,073	 4,062
Cash flows from investing activities	-	(206,825)	(12,354)
Cash flows from financing activities	(148,506)	206,198	12,721
Net increase (decrease) in cash and cash equivalents	(52,765)	43,446	4,429
At 31 December 2021	Ras Laffan Power Company Q.P.S.C.		
NCI percentage	20%		
Non-current assets	815,395		
Current assets	140,464		
Non-current liabilities	(17,737)		
Current liabilities	(52,504)		
Net assets	885,618		
Net assets attributable to NCI	177,124		
 Revenue	 482,739		
Profit	111,151		
Other comprehensive income	-		
Total comprehensive income	111,151		
Profit allocated to NCI	22,230		
OCI allocated to NCI	-		
Total comprehensive allocated to NCI	22,230		
 Cash flows from operating activities	 318,872		
Cash flows from investing activities	15		
Cash flows from financing activities	(266,347)		
Net increase in cash and cash equivalents	52,540		

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

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22. Loans and borrowings

The movements in loans and borrowings were as follows:

	2022	2021
At 1 January	5,727,610	6,355,830
Additions	2,920,373	-
Acquired through business combination (Note 41 (c))	2,766,858	-
Repayments	(296,034)	(628,220)
	11,118,807	5,727,610
Amortization of arrangement fee	(43,991)	(47,380)
At 31 December	11,074,816	5,680,230

Terms and repayment schedule

	2022			2021			
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
RAFB2 Project loan - MUFG facility agent	USD	LIBOR+1.15%	2031	448,000	864,374	448,000	937,874
RAFA1 Project loan -Conventional- MUFG facility agent	USD	LIBOR+0.85%	2027	253,500	307,694	253,500	369,880
RAFA1 Project loan-Islamic - QIB facility agency	USD	LIBOR+0.85%	2027	126,475	153,514	126,475	184,540
RAF A2 Project Loan- Conventional -QNB Facility agent	USD	LIBOR+1.75%	2036	153,707	430,057	153,707	452,691
RAF A2 Project Loan- Islamic-QIB facility agency	USD	LIBOR+1.75%	2036	255,819	715,757	255,819	753,428
RAF A3 Project Loan- Conventional -QNB Facility agent	USD	LIBOR+1.75%	2040	284,587	866,121	284,587	902,999
RAF A3 Project Loan-Islamic- Masraf Alrayan facility agency	USD	LIBOR+1.75%	2040	94,862	287,031	94,862	299,324
HSBC RCF	USD	Term SOFR+0.45%	2023	125,600	457,812	-	-
DBFS BANK RCF	USD	LIBOR+0.65%	2023	100,000	364,500	100,000	364,500
Bank of China RCF	USD	Term SOFR+0.45%	2023	125,600	457,812	125,600	457,812
SMBC RCF	USD	LIBOR+0.45%	2022	125,600	-	125,600	457,812
Mizuho Facility	USD	SOFR+0.4%	2023	550,000	2,004,750	550,000	-
Mizuho RCF	USD	Term SOFR+0.45%	2023	150,000	546,750	150,000	546,750
Banco do Nordeste do Brasil	BRL	2.18%	2039	294,996	201,206	-	-
Banco do Nordeste do Brasil	BRL	1.55%	2042	244,707	168,167	-	-
Banco do Nordeste do Brasil	BRL	1.96%	2042	242,293	166,104	-	-
Banco do Nordeste do Brasil	BRL	1.41%	2042	225,208	155,145	-	-
Triodos Fixed Loan Facility A - 2015 TGF 017671	EUR	2.08%	2033	774	1,531	-	-

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
22. Loans and borrowings (continued)

In thousands of Qatari Riyals

	2022	2021					
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Triodos Fixed Loan Facility B - 2015 TGF 017698	EUR	2.08%	2033	13,904	24,033	-	-
Triodos Fixed Loan Facility A - 2016 TGF 018996	EUR	1.50%	2033	7,518	21,053	-	-
Triodos Fixed Loan Facility B - 2016 TBNL 2205373226	EUR	1.50%	2033	7,518	20,561	-	-
Triodos Fixed Loan Facility Brabant Zon - 2015 TGF 020028	EUR	2.08%	2033	3,498	8,925	-	-
Nebras Power QPSC	USD	1.10%	2025	370,000	1,341,357	-	-
Nebras Power QPSC	USD	0.75%	2024	150,000	546,225	-	-
Nebras Power Australia	AUD	1.00%	2024	375,000	930,346	-	-
Scythia Solar 1	EUR	6.65%	2024	2,915	7,566	-	-

Terms and repayment schedule

	2022	2021					
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Scythia Solar 2	EUR	8.00%	2025	10,521	28,164	-	-
Terslav	EUR	8.00%	2025	7,467	27,378	-	-
Sun Power Pervomaisk	EUR	6.54%	2024	1,782	5,496	-	-
Free-Energy Henichesk	EUR	4.22%	2024	3,521	9,378	-	-
Unamortised Cost				(43,991)	(47,380)	-	-
				11,074,816	5,680,230		

Production facilities for RAF A1, RAF A2, RAF A3 and RAF B2 are pledged to obtain the project finance loans.

The loans and borrowings are classified in the consolidated statement of financial position as follows:

	2022	2021
Non-current portion	6,920,761	3,582,956
Current portion	4,154,055	2,097,274
	11,074,816	5,680,230

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

23. Employees' end of service benefits

	2022	2021
At 1 January	76,094	80,863
Acquired through business combination	6,183	-
Provision made during the year (1)	12,637	6,829
Payments made during the year	(7,286)	(11,598)
At 31 December	87,628	76,094

(1) The provision made for the year is included within staff costs in profit or loss (Note 27).

Management has classified the obligation within non-current liabilities in the consolidated statement of financial position as it does not expect that there will be significant payments towards its employees' end of service benefits obligation within 12 months from the reporting date. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

24. Trade and other payables

	2022	2021
Trade payables	150,934	108,862
Accrued expenses (i)	359,094	161,505
Dividend payable to shareholders	50,222	46,682
Provision for social and sports support fund	37,408	30,429
Provision for staff costs	90	14,640
Provision for claim received from KAHRAMAA (ii)	139,482	139,482
Other payables	194,867	186,244
932,097	687,844	

Notes:

(i) This includes amount due to related parties are disclosed in Note 36.

(ii) In December 2020, the Group provided for claim received from KAHRAMAA of QAR 139.5 million related to capacity charges paid by KAHRAMAA to the Group, in excess of the plant's technical limit.

25. Revenue

(a) Revenue streams

The Group generates revenue primarily from the production and sale of water and electricity as per the power and water purchase agreements with the off takers in and outside the state of Qatar.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
25. Revenue (continued)

	2022	2021
Revenue from electricity	1,336,778	1,115,945
Revenue from water	1,308,905	1,265,015
Total revenue	2,645,683	2,380,960

Operating lease revenue – capacity charges

	2022	2021
Electricity	678,898	665,160
Water	1,041,774	1,012,148
1,720,672	1,677,308	

Revenue from contracts with customers

	2022	2021
Sale of electricity	657,880	450,785
Sale of water	267,131	252,867
925,011	703,652	

(b) Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products, and timing of revenue recognition.

	2022	2021
Primary geographical markets		
Qatar	841,411	703,652
Latin America	62,120	-
Europe	21,480	-
925,011	703,652	

Timing of revenue recognition

	2022	2021
Point in time (i)	862,125	651,439
Over time (ii)	62,886	52,213
925,011	703,652	

(i) Revenue from sale of electricity and water are recognised at point in time.

(ii) Revenue recognized over the period includes revenue from operations and maintenance which is recognised over the period of time upon satisfaction of the services to the customer using an output method. The Group applied the practical expedient which allows the Group to recognise the revenue in the amount to which the entity has a right to invoice as this corresponds directly with the value to the customer of the entity's performance completed to date.

Notes to the consolidated financial statements
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In thousands of Qatari Riyals

26. Cost of sales

	2022	2021
Cost of gas consumed	972,872	841,711
Depreciation of property, plant and equipment (Note 5)	281,677	273,920
Staff costs	173,475	168,047
Spare parts, chemicals and consumables	73,035	70,395
Others	168,059	154,906
	1,669,118	1,508,979

27. General and administrative expenses

	2022	2021
Staff costs (1)	113,637	81,696
Impairment of property, plant and equipment (Note 5)	83,094	-
Insurance	13,978	9,527
Board of Directors' remuneration	11,750	11,750
Provision for slow moving inventories (Note 12)	10,975	5,215
Telephone postage and couriers	10,579	1,380
Depreciation of right-of-use assets (Note 6(a))	8,409	4,191
Consultancy and professional fees	7,925	3,984
Amortization of intangible assets (Note 7)	5,970	5,970
Depreciation of property, plant and equipment (Note 5 (d))	5,490	1,712
Repairs and maintenance	3,536	1,202
Recruitment and training expenses	3,257	3,685
Office expenses	2,657	618
Amortization of other assets (Note 10)	1,765	1,684
Board committee remuneration	1,030	1,030
Donations	1,340	1,000
Rent expense - short term lease	1,256	-
Subscription and licenses	885	789
Advertisement and public relation expenses	297	252
Miscellaneous expenses	9,974	12,514
	297,804	148,199

(1) Staff costs includes a provision of QAR 6.8 million (2021: QAR 1.3 million) in respect of employees' end of service benefits (Note 23).

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

28. Interest income

	2022	2021
Interest earned on term and other call deposits	174,052	67,896
Interest income from related parties	2,645	4,465
	176,697	72,361

29. Other income

	2022	2021
Dividend income from equity investments at fair value through other comprehensive income (Note 9)	160,909	81,411
Secondment income	32,717	25,004
Miscellaneous income	74,001	39,602
	267,627	146,017

30. Finance costs

	2022	2021
Interest on bank loans	273,362	113,389
Interest on lease liabilities (Note 6(b))	2,199	1,376
Bank charges	11,972	975
	287,533	115,740

31. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is arrived by dividing the profit attributable to the equity & ordinary shareholders of the Company for the year by the weighted average number of ordinary shares & outstanding during the year.

Profit for the year attributable to owners of the Company	2022	2021
Weighted average number of ordinary and outstanding shares during the year (Number of shares in thousands)	1,710,809	1,467,865
Basic and diluted earnings per share (expressed in QAR per share)	1,100,000	1,100,000
	1.56	1.33

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
31. Earnings per share (continued)

In thousands of Qatari Riyals

Diluted earnings per share

For the parent Company, it has no potential dilutive shares, the diluted EPS equals to the basic EPS. The diluted earnings per share (hereafter "EPS") is calculated by dividing the profit for the year attributable to the ordinary shareholders of the Company by the weighted-average number of shares outstanding during the year after adjustment for the effects of all / any dilutive potential ordinary shares. As the Company had no dilutive potential ordinary shares during the current year and the comparative year, the Diluted EPS is the same as the Basic EPS for both these years.

32. Dividends

During the year, the Company declared and paid a cash dividend of QAR 0.80 per share totalling to QAR 880 million (2021: QAR 0.63 per share totalling to QAR 693 million). The proposed dividend amounting to QAR 1,045 million (QAR 0.95 per share) for the year ended 31 December 2022 will be submitted for formal approval at the next Annual General Meeting of the Company and not recognised as a liability as at 31 December 2022.

33. Contribution to social and sports fund

In compliance with Qatar Law No. 13 of 2008, the Company made an appropriation of QAR 37.6 million for the year ended 31 December 2022 (2021: QAR 30.4 million) to the Social and Sports Fund of Qatar.

34. Commitments and contingent liabilities

	2022	2021
(a) Contingent liabilities:		
Corporate guarantees issued on behalf of joint ventures	568,287	450,244
Letter of credits	91,150	95,562
	659,437	545,806
(b) Other commitments:		
Derivative financial instruments:		
Interest rate swaps (notional amount)	1,092,348	1,146,260
	1,092,348	1,146,260

35. Related party disclosures

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
35. Related party disclosures (continued)

In thousands of Qatari Riyals

	Nature of the transactions	2022	2021
Shareholder:			
QatarEnergy	Sale of desalinated water	7,659	9,581
	Cost of gas consumed	972,872	841,711
KAHRAMAA			
	Sale of electricity	1,336,778	1,115,945
	Sale of desalinated water	1,301,245	1,255,434
	Lease income from plant	75,730	93,554
Equity-accounted investees:			
Umm Al Houl Power Q.P.S.C.	Secondment Income	6,557	5,529
Qatar Power Q.J.P.S.C.	Secondment Income	5,211	4,480
Ras Girtas Power Company Q.P.S.C.	Secondment Income	7,651	3,522
Mesaieed Power Company Q.P.S.C.	Secondment Income	2,187	2,187
Siraj Energy Q.P.S.C.	Secondment Income	4,182	2,952
Nebras Power Q.S.C.	Secondment Income	-	6,334
AM Solar B.V. /Jordan PSC	Interest income	1,229	-
Enersok FE LLC (Uzbekistan)	Interest income	126	-
Zonnerpark Mosselbank Terneuzen	Fee Income	95	-
Minejesa Capital B.V.	Fee Income	82	-
PT Paiton Energy	Fee Income	26	-
IPM Asia Pte. Ltd.	Fee Income	20	-
Nebras-IPC Power Developments Limited	Fee Income	18	-
AES Baltic Holdings B.V.	Fee Income	7	-
Other related parties:			
Amin Renewable Energy Company SAOC	O&M Agreement	35	-

b) Loans receivable from a related party

The movements of loans receivable from related parties were as follows:

	2022	2021
At 1 January	-	-
Acquired through business combination	21,926	-
Additional loans during the year	38,776	-
At 31 December	60,702	-

The loans were provided to AES Jordan Solar. The loan carries an interest at 6% per annum and matures in December 2039.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
35. Related party disclosures (continued)

c) Receivables from related parties

	In thousands of Qatari Riyals	
	2022	2021
<i>Shareholder</i>		
KAHRAMAA	558,835	428,750
QatarEnergy	933	19,036
<i>Equity-accounted investees:</i>		
Siraj Energy Q.P.S.C.	538	5,920
Nebras Power Q.P.S.C.	-	4,145
Umm Al Houl Power Q.P.S.C.	4,726	4,918
Qatar Power Q.P.J.S.C.	1,818	1,176
Ras Girtas Power Company Q.P.S.C.	2,183	58,674
Mesaieed Power Company Limited Q.P.S.C.	1,082	1,197
AES Jordan Solar B.V.	28	-
AES Baltic Holdings B.V.	18	-
IPM Asia Pty Ltd	19	-
Nebras-IPC Power Development Ltd	61	-
Zonnepark Mosselbanken Terneuzen B.V.	115	-
<i>Other related parties:</i>		
Others	6	-
	570,362	523,816

The above balances have arisen in normal course of business, and are of trading and financing nature, bear no interest or securities and are receivable on demand, hence classified as current. The above balances are included under trade and other receivables (Note 13).

d) Payables to related parties

	In thousands of Qatari Riyals	
	2022	2021
<i>Shareholder</i>		
KAHRAMAA	2,179	145,143
QatarEnergy	150,575	130,263
<i>Affiliates:</i>		
Others	56	-
	152,810	275,406

The above balances have arisen in normal course of business, and are of trading and financing nature, bear no interest or securities and are payable on demand, hence classified as current. The above balances are included under trade and other payables (Note 24).

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As at and for the year ended 31 December 2022
35. Related party disclosures (continued)

e) Compensation of key management personnel

The remuneration the members of the Board of Directors and other members of key management were as follows:

	2022	2021
Short term employee benefits	29,429	17,038
Long term employee benefits	-	-

29,429 **17,038**

36. Group's investment in Ukraine

The Group has investment in solar power plants located in Ukraine, through its wholly owned subsidiary Nebras Power Q.P.S.C. (Nebras). Nebras currently operates five solar power plants located in the central and southern parts of the country, through its five subsidiaries with a total capacity of 91 MW.

On 24 February 2022, geo-political crisis started in Ukraine, which has led to economic turmoil and has adversely impacted the Group's operations in Ukraine.

All the solar power plants owned and operated by Nebras are currently operational, however, power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. On 28 March 2022 the Ministry of Energy of Ukraine issued an order to reduce the amounts paid to the renewable power producers to 15% of the agreed tariff to cover for operating expenses for the duration of the martial law. On 29 June 2022 the Ministry of Energy issued a new order which increased the payment level from a minimum of 15% to a maximum of 18% after 2 July 2022. The payments have increased over the period and currently the Group is able to recover up to 80% of the invoices. The Group intends to keep the plants in operation as long as it is possible.

Considering the current situation and economic uncertainty, the goodwill recognised on acquisition of Ukraine subsidiaries amounting to QAR 76.7 million and its investment in solar power plants (property, plant and equipment) to the extent of QAR 105.3 million were impaired during the year. The impairments were recognized during the first half of the year and therefore, forms part of the share of results from Nebras Power Q.P.S.C.

Management performed impairment testing as at the reporting date and no further impairment was recognised as the recoverable value of CGUs were determined to be higher than the carrying values. The Group will continue to monitor its investment in Ukraine and will also explore alternative options to counter any further losses. The recoverable amount was determined based on value in use calculation which uses discounted cash flow projections based on the future revenues expected to be generated as per Power Purchase Agreement with the off-taker. The present value of future cashflows were discounted using a weighted average cost of capital (WACC) ranging from 29.2% to 30.2% based on the different CGUs. The results of the sensitivity tests show that no reasonably possible change in key assumptions brought the recoverable value of these CGUs below their net carrying amounts.

37. Financial risk and capital management

a) Financial risk management

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, lease liability, trade payables, accrued expenses and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets are bank balances and cash,

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

37. Financial risk and capital management (continued)

finance lease receivable, loans receivables from joint ventures, trade receivables, accrued interest receivable and other receivables that derive directly from its operations. The Group also holds equity investments at fair value through other comprehensive income and enters into derivative transactions for hedging purposes. The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies 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 standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group is exposed to market risk, credit risk and liquidity risk and policies for managing each of these risks are summarized below.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which revenue, related costs and borrowings are denominated and the respective functional currencies of the Group entities. The functional currencies of the Group entities are primarily those that are mentioned in Note 2(c). The Group does not use forward exchange contracts to hedge its currency risk. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily the USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied.

The Group uses derivatives to hedge its interest rate risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from interest bearing bank loans and borrowings issued at variable rates, which expose it cash flow interest rate risk.

The Group has entered into a floating to fixed interest rate swap ("IRS") for the 50% of the notional amount of its syndicated long-term revolving credit facility ("RCF") to mitigate its exposure to interest rate risk. Under the IRS terms, the Group pays fixed rate to the hedge counterparties and receive floating rate LIBOR / SOFR from hedge counterparties for settlement of its floating rate interest liability under the RCF. IRS has been executed with highly rated financial institutions as hedge counterparties in order to segregate the counterparty risk. The Group's approach is to opportunistically hedge its interest rate risks to (i) manage the impact of these risks on the cash flows and profit and loss of the Company and (ii) ensure compliance with the Company's financial covenants whilst optimizing finance costs.

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

37. Financial risk and capital management (continued)

Managing interest rate benchmark reform and associated risks**Overview**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group's main IBOR exposure at 31 December 2022 was indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). Amendments to financial instruments with contractual terms indexed to US dollar LIBOR was planned to be discontinued by the end of 2021, in November 2020 the ICE Benchmark Administration (IBA), the FCA-regulated and authorized administrator of LIBOR, announced that it had started to consult on its intention to cease the publication of certain USD LIBORs after June 2023. As at 31 December 2022, it is still unclear when the announcement that will set a date for the termination of the publication of US dollar LIBOR will take place. The Group is assessing the impact and next steps to ensure a smooth transition from LIBOR to the new benchmark rates. Management monitors and manages the Group's transition to alternative rates and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counter parties.

Total amounts of unreformed contracts, including those with an appropriate fallback clause

The Group monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback clause. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language at 1 January 2022 and at 31 December 2022. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their market value. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments were:

31 December 2022	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
<i>Financial liabilities</i>		
Loans and borrowings (carrying amount)	7,607,692	3,467,124
<i>Derivatives</i>		
Interest rate swaps (market value)	78,954	-

31 December 2021	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
<i>Financial liabilities</i>		
Loans and borrowings (carrying amount)	5,180,860	546,750
<i>Derivatives</i>		
Interest rate swaps (market value)	(32,252)	-

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

37. Financial risk and capital management (continued)

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has measured its hedging instruments indexed to LIBOR using available quoted markets rates for LIBOR-based instruments of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in USD LIBOR on a similar basis.

Sensitivity

The following table shows the sensitivity of the consolidated income statement to possible changes in interest rate by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, on the floating rate borrowing held at 31 December.

	Change in basis points	Effect on OCI	Effect on profit
2022			
Floating interest rate instruments			
Interest bearing loans and borrowings	+25 bps	-	(27,797)
	-25 bps	-	27,797
Interest rate swaps			
	+25 bps	197	-
	-25 bps	(197)	-
2021			
Floating interest rate instruments			
Interest bearing loans and borrowings	+25 bps	-	(14,319)
	-25 bps	-	14,319
Interest rate swaps	+25 bps	2,880	-
	-25 bps	(2,880)	-

Equity price risk

All the Group's equity investments are listed on the Qatar Exchange.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price	Effect on equity	Effect on equity
		2022	2021
Quoted shares	+/(-) 10%	+/(-) 231,859	+/(-) 316,494

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

37. Financial risk and capital management (continued)

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are disclosed in Note 3(c). The currencies in which these transactions are primarily denominated are Euro, USD and Brazilian Real.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group are as follows:

At 31 December 2022	EURO	Brazilian Real	Ukrainian Hryvnia	Australian Dollar
Trade and other receivables	13,721	5,571	26,899	-
Bank balances and cash	25,316	86,573	20,498	111,868
Loans and borrowings	(154,085)	(690,622)	-	(930,346)
Trade and other payables	(15,754)	(20,520)	(16,140)	(36,273)
Statement of financial position exposure - net	(130,802)	(618,998)	31,257	(854,751)

The following significant exchange rates have been applied during the current year:

	Average rate		Year-end spot rate	
	2022	2021	2022	2021
EUR	3.834	4.338	3.898	4.177
BRL	0.705	0.675	0.689	0.654
Hryvnia	0.11	0.13	0.10	0.13
AUD	2.525	2.740	2.481	2.650

Sensitivity analysis

A reasonably possible strengthening (weakening) of the currencies against the others at the year-end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

At 31 December 2022	Profit or loss		Equity, net of tax	
	strengthening	weakening	strengthening	weakening
At 31 December 2022				
EUR (10% movement)	(13,080)	13,080	(13,080)	13,080
BRL (10% movement)	(61,900)	61,900	(61,900)	61,900
Hryvnia (10% movement)	3,126	(3,126)	3,126	(3,126)
AUD (10% movement)	(85,475)	85,475	(85,475)	85,475

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

37. Financial risk and capital management (continued)

The Group did not have significant exposure to currency risk during the previous year, as its majority of receivables and payables balances were held in QAR and USD.

Credit risk

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 its customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are as follows:

	2022	2021
Trade receivables	633,855	434,097
Bank balances	8,116,896	3,627,038
Finance lease receivables	798,419	823,306
Dividend receivable	-	57,409
Loans receivable from related parties	60,702	-
Accrued interest receivable	58,591	21,618
Asset held for sale	236,327	255,535
Derivative assets	78,954	-
Other receivables	37,726	35,514
	10,021,470	5,254,517

The significant changes in gross carrying amount of its financial assets are on account of acquisition of new subsidiary, Nebras Power Q.P.S.C. which was acquired on 01 July 2022.

Trade receivables

The Group has Power and Water Purchase Agreements (PWPA) with government companies, and non-government companies (private corporate customers) to whom the electricity is sold in the open market.

At 31 December 2022, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2022		2021	
	Not credit-impaired	Credit impaired	Not credit-impaired	Credit impaired
Government companies (1)	589,574	-	434,097	-
Non-government companies (2)	44,281	-	-	-
Gross carrying amount	633,855	-	434,097	-
Loss allowance	-	-	-	-
Net carrying amount	633,855	-	434,097	-

At 31 December 2022, the carrying amount of the trade receivables from the Group's most significant customer (KAHRAMAA, a Qatar based government company) was QAR 499.5 million (2021: QAR 398.4 million).

Notes to the consolidated financial statements

As at and for the year ended 31 December 2022

37. Financial risk and capital management (continued)

(1) Expected credit loss assessment for government companies

The Group performs expected credit loss assessment at each reporting date using an allowance matrix to measure its expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Group's trade receivables from government companies arise mainly from KAHRAMAA (see note above) and, consequently, the Group has credit concentration risk. Management believes that the credit concentration is not of significant concern, because KAHRAMAA is a government-controlled entity with high financial credibility and has never defaulted in the past. Furthermore, the credit risk of KAHRAMAA is negligible as it is backed by unconditional guarantee from the State of Qatar. As a result, the expected credit loss is determined to be insignificant from KAHRAMAA.

On the remaining trade receivable balances from other government and non-government companies outside Qatar, the Group has determined that these customers have been transacting with the Group for over two years, and none of these government or non-government customers' balances have been written off or are credit-impaired at the reporting date, hence, the expected credit loss on these receivables is insignificant as of the reporting date.

The Group is monitoring the economic environment in Ukraine and is taking appropriate actions to limit its exposure. The collections from government of Ukraine have increased from 15% to 80% of the invoice amounts over the last few months under the martial law, and the remaining receivable balances have been postponed to the later date. Therefore, management has assessed that the expected credit loss on these receivables is not significant as of the reporting date.

(2) Expected credit loss assessment for non-government companies

The Group uses an allowance matrix to measure the expected credit losses from its non-government companies, which comprise of private corporate companies operating in a regulated market. Loss rates are based on actual credit loss experience over the past two to three 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 receivables. The Group has determined that since these private corporate companies operate in a regulated market, there has been no history of default in the past. Further, the Group has determined that none of its non-government customers' balances have been written off or are credit impaired as at the reporting date. Therefore, the expected credit loss on these receivables from non-government companies is considered to be insignificant.

The Group doesn't require collateral in respect of its trade receivables from government and non-government companies.

At 31 December 2022, the exposure to credit risk for trade receivables by geographic region was as follows:

	2022	2021
Qatar	533,148	434,097
Brazil	20,302	-
Netherlands	53,872	-
Ukraine	26,533	-
	633,855	434,097

Set out below is the information about the credit risk exposure on the Group's trade receivables using an allowance matrix:

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As at and for the year ended 31 December 2022
37. Financial risk and capital management (continued)

31 December 2022	Weighted average loss rate	In thousands of Qatari Riyals		
		Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.0%	394,567	-	-
1-30 days past due	0.0%	211,832	-	-
31-60 days past due	0.0%	704	-	-
61-90 days past due	0.0%	274	-	-
More than 90 days past due	0.0%	26,478	-	-
		633,855	-	-

31 December 2021	Weighted average loss rate	In thousands of Qatari Riyals		
		Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.0%	322,587	-	-
1-30 days past due	0.0%	111,510	-	-
31-60 days past due	0.0%	-	-	-
61-90 days past due	0.0%	-	-	-
More than 90 days past due	0.0%	-	-	-
		434,097	-	-

Cash at bank and term deposits

The Group held cash and bank balances of QAR 8,116,971 thousand at 31 December 2022 (2021: QAR 3,627,113 thousand). Management considers that its cash at bank and term deposits have low credit risk based on external credit ratings of the counterparties, which are rated AA- to AA+, based on Moody's ratings. Impairment on cash at bank and term deposits have been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

As at the reporting date, none of the bank balances were credit impaired. On the non-credit impaired balance, based on the expected credit loss (ECL) exercise performed by the management, the ECL was determined to be immaterial, therefore, no ECL on the cash and cash equivalents was recognised in these consolidated financial statements.

Receivables from related parties, loans receivable, finance lease receivable and other receivables

Management has performed detailed analysis on receivables from related parties, including loans receivable, finance lease receivable and other receivables and has determined the ECL to be insignificant, hence, no ECL is recognized on these balances as of the reporting date.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on Moody's ratings.

Guarantees

The Group's policy is to provide financial guarantees only for its affiliates' liabilities. At 31 December 2022 and 2021, the Company and one of its subsidiaries has issued guarantees to certain financial institutions in respect of credit facilities granted to its affiliate companies. Please also refer note 34.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
37. Financial risk and capital management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below summarizes the contractual discounted maturities of the Group's financial liabilities at the reporting date.

31 December 2022	Note	Carrying amounts	Less than 1 year	1 – 5 years	More than 5 years
Trade payables		150,934	150,934	-	-
Accrued expenses		359,094	359,094	-	-
Other liabilities		282,587	282,587	-	-
Lease liabilities		61,834	6,609	55,225	-
Interest bearing loans and borrowings (1)		11,118,807	4,198,046	2,990,696	3,930,065
Derivative liabilities		-	-	-	-
		11,973,256	4,997,270	3,045,921	3,930,065

31 December 2021	Note	Carrying amounts	Less than 1 year	1 – 5 years	More than 5 years
Trade payables		248,344	248,344	-	-
Accrued expenses		161,505	161,505	-	-
Other liabilities		277,995	277,995	-	-
Lease liabilities		26,103	3,037	23,066	-
Interest bearing loans and borrowings		5,727,610	2,097,274	465,530	3,164,806
Derivative liabilities		32,252	29,700	2,552	-
		6,473,809	2,817,855	491,148	3,164,806

(1) The Group has secured project finance loans that contain covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the above table. The Group has developed a strong debt compliance framework to actively control and manage this risk.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
37. Financial risk and capital management (continued)

In thousands of Qatari Riyals

b) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and healthy capital ratios in order to support its business and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of economic conditions. The Board of Directors monitors the return on capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2022.

The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total equity and net debt. The debt is calculated as total borrowings (including current and non-current loans as shown on the consolidated statement of financial position) less cash and cash equivalents.

Total equity is the equity attributable to owners of the Company.

	2022	2021
Total interest-bearing loans and borrowings	11,118,807	5,727,610
Cash and bank balances	(8,116,971)	(3,627,113)
Net debt	3,001,836	2,100,497
Equity attributable to owners of the Company	15,123,760	11,810,835
Total equity and net debt	18,125,596	13,911,332
Gearing ratio	17%	15%

38. Fair values of assets and liabilities

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank overdrafts, accounts payable, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets comprise bank balances and cash, trade receivable, investments through OCI, amounts due from related parties and certain other receivables that arise directly from its operation.

Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to the consolidated financial statements
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38. Fair values of assets and liabilities (continued)

In thousands of Qatari Riyals

As at 31 December 2022, the Group held the following classes of financial instruments measured at fair value:

Derivative and non-derivative financial assets / (financial liabilities)	Classification	As at 31 December 2022		Fair value Hierarchy
		Carrying value QR'000	Fair value QR'000	
Cash and bank balances*	Amortised cost	8,116,971	-	-
Accounts and other receivables*	Amortised cost	778,536	-	-
Financial assets at fair value through other comprehensive income	FVOCI	2,322,763	2,322,763	Level 1
Loans receivable from a related party	Amortised cost	60,702	-	-
Derivative assets	FVOCI	78,954	78,954	Level 2
Assets held-for-sale	Fair value less costs to sell	236,327	236,327	Level 2
Disposal group held-for-distribution	Fair value less costs to sell	128,478	128,478	Level 3
Liabilities held-for-distribution	Other financial liabilities	(106,594)	(106,594)	Level 3
Interest bearing loans and borrowings	Other financial liabilities	(11,074,816)	(11,074,816)	Level 2
Lease liabilities*	Other financial liabilities	(61,834)	-	-
Accounts payable and accruals' (excluding derivative financial liabilities)	Other financial liabilities	(932,097)	-	-

Derivative and non-derivative financial assets / (financial liabilities)	Classification	As at 31 December 2021		Fair value Hierarchy
		Carrying value QR'000	Fair value QR'000	
Cash and bank balances*	Amortised cost	3,627,113	-	-
Accounts and other receivables*	Amortised cost	566,040	-	-
Financial assets at fair value through other comprehensive income	FVOCI	3,164,944	3,164,944	Level 1
Assets held-for-sale	Fair value less costs to sell	255,535	255,535	Level 2
Interest bearing loans and borrowings	Other financial liabilities	(5,680,230)	(5,680,230)	Level 2
Lease liabilities	Other financial liabilities	(26,103)	-	-
Accounts payable and accruals' (excluding derivative financial liabilities)	Other financial liabilities	(687,844)	-	-
Derivative liabilities	FVOCI	(32,252)	(32,252)	Level 2

*These financial assets and financial liabilities are carried at amortised cost. The fair values of these financial assets and financial liabilities are not materially different from their carrying values in the consolidated statement of financial position, as these assets and liabilities are either of short-term maturities or are re-priced frequently based on market movement in interest rates.

There is no in or out movement from Level 3 fair value measurements. The assets and liabilities classified under Level 3 category have been fair-valued based on the available information.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
38. Fair values of assets and liabilities (continued)

In thousands of Qatari Riyals

Fair value sensitivity analysis

The following table shows the sensitivity of fair values to 10% increase or decrease as at 31 December:

	2022	2021
Basis points	+/-1,000	-
Effect on profit or loss (QAR '000)	+/-2,188	-

Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

39. Asset held-for-sale

- On 14 December 2020, the Board of Directors of the Group approved the sale of the land including related improvements and instructed management to execute this sale within one year. Accordingly, the land including related improvements, were classified as assets held-for-sale. During the period, the asset having a carrying value of QR 255.5 million was sold at a loss of QAR 86.1 million, which has been recognised in the statement of profit or loss and other comprehensive income.
- Further, during the year, the Group entered into share purchase agreement (SPA) with QatarEnergy, one of the related parties of the Group, to sell its 49% stake in Siraj Energy Q.P.S.C at a total consideration of US\$ 64.5 million i.e., QR 234.9 million. However, the finalization of the sale transaction is still subject to the certain regulatory and approval of the shareholders of the Company, which are considered critical before the sale transaction could be completed. Hence, as at the reporting date this investment has been classified as asset held-for-sale in accordance with IFRS 5.

40. Disposal group held-for-distribution

During the year, when the Group acquired Nebras Power Q.P.S.C. (Note 41), the assets acquired included a subsidiary, (Carthage Power Company or CPC) which is classified as a disposal group held-for-distribution as management in the previous year, made an assessment of CPC's ability to continue as a going concern as its concession agreement was coming to an end in May 2022. Hence, in accordance with the requirements of IFRS 5 'Non-current assets held-for-sale and discontinued operations', the results, assets and liabilities of the subsidiary are presented as a disposal group 'held-for-distribution'.

The Group holds 60% shares in the said subsidiary. Information regarding the assets and liabilities of the subsidiary is presented below

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
40. Disposal group held-for-distribution (continued)

i) Assets and liabilities of disposal group held-for-distribution

	2022
Property, plant and equipment	14
Deferred tax asset	1,570
Derivative financial instruments	350
Inventories	1,335
Trade and other receivables	113,992
Cash and cash equivalents	11,217
Assets held-for-distribution	128,478
Trade and other payables	71,204
Payables to related parties	35,390
Liabilities held-for-distribution	106,594

ii) Cash flows from discontinued operations

	2022
Cash generated from operating activities	(26,774)
Cash generated from investing activities	4,931
Cash used in financing activities	-
Net change in cash and cash equivalents	(21,843)
Cash and cash equivalents at the beginning of the year	46,107
Effect of movements in exchange rates on cash held	(13,047)
Cash and cash equivalents at the end of the year	11,217

The profit from the discontinued operation of QAR 3.2 million is attributable entirely to the owners of the Company.

41. Acquisition of a subsidiary

In July 2022, the Group acquired additional 40% of the shares and voting interests in Nebras Power Q.P.S.C. ("Nebras"). As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras. All the necessary approvals related to additional acquisition were obtained on 19 July 2022 and the purchase consideration was transferred on the same date, however, the Group has consolidated Nebras from 01 July 2022, which is determined to be the closest date to the last reporting period where more accurate information was available.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Nebras are inputs (a head office, power production facilities with long-term power purchase agreements, projects under development, and inventories), production processes and organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set is a business.

Taking control of Nebras will enable the Group to expand its renewable energy interests outside Qatar and obtain significant influence and joint control over several power production facilities across multiple geographies.

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
41. Acquisition of a subsidiary (continued)

For the six months from 01 July 2022 until 31 December 2022, Nebras contributed revenue of QAR 83.6 million and a profit of QAR 128.3 million (including share of results) to the Group's results. If the acquisition had occurred on 01 January 2022, management estimates that its consolidated revenue would have been higher by QAR 72.4 million, and consolidated profit for the period would have been lower by QAR 70.5 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 01 January 2022.

(a) Consideration transferred

The Group transferred cash consideration of US\$ 530 million (QAR 1,931 million) to acquire additional 40% shares and the voting interests in Nebras. There are no other classes of considerations agreed or to be transferred between the parties.

(b) Acquisition-related costs

The Group incurred acquisition-related costs of QAR 2.7 million on legal fees and due diligence costs. These costs have been included in "general and administrative expenses".

(c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

	Note	Amount
Equity accounted investees*	8	3,501,579
Cash and cash equivalents		3,141,630
Loans and borrowings	22	(2,766,858)
Property, plant and equipment	5	1,655,122
Other assets**		353,629
Other liabilities**		(399,508)
Less: Non-controlling interests		(145,970)
Total net identifiable assets acquired		5,339,624

*This includes an intangible asset (Power Purchase Agreement) embedded in the fair value of one of the associates, Unique Meghnaghat Power Limited (UMPL) amounting to QR 71.9 million, which will be amortised over the period of the Power Purchase Agreement.

**Other assets and liabilities include right-of-use assets and lease liabilities, trade receivables and payables, derivative financial instruments, inventories, and others.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

In thousands of Qatari Riyals

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022
41. Acquisition of a subsidiary (continued)

In thousands of Qatari Riyals

Assets acquired	Valuation technique
Investments in equity-accounted investees	Equity-accounted investees are valued using income approach, where the valuation technique is based on the Discounted Cash Flow ('DCF') model.
Solar installations and work-in-progress	Solar installation and work-in-process assets are valued using income approach, where the valuation technique is based on the Discounted Cash Flow ('DCF') model.
Other assets	Given the nature and relative weight of other assets on Nebras' consolidated financial statements, carrying value is assumed to approximate to their fair values.

(d) Gain on bargain purchase

Gain on bargain purchase arising from the acquisition has been recognised as follows:

	Note	Amount
Consideration transferred	19(a)	1,931,850
Fair value of pre-existing interest in Nebras		3,203,774
Fair value of net identifiable assets acquired	41(a)	(5,339,624)
Gain on bargain purchase		(204,000)

The Group recognised a gain on bargain purchase as the purchase consideration transferred was agreed between the Group and the seller at the end of 2020, and was not amended subsequently, as it was the fixed consideration as per the Sales and Purchase Agreement (SPA), however, the fair value of the net identifiable assets increased post signing of SPA until the date of acquisition, on account of additional investments in Brazil (NEC) and in Bangladesh (Unique Meghnaghat Power Limited), which was partially offset by the increase in risk premium (WACC) in the existing investments.

The remeasurement to fair value of the Group's existing 60% interest in Nebras resulted in a profit of QAR 50.9 million (Refer note 41(e)).

(e) Gain on step-up acquisition

	Note	Amount
Fair value of pre-existing interest in Nebras	19(d)	3,203,774
Carrying value of pre-existing interest as on the date of acquisition	7	(3,190,091)
Other comprehensive income / (loss) recognized to profit / loss		13,683
Share of other comprehensive profit / (loss) from joint ventures – interest rate swaps used for hedging		49,368
Share of other comprehensive profit / (loss) from joint ventures – exchange differences on translation of foreign operations		(12,103)
Profit on step-acquisition after reclassification of other comprehensive income		50,948

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

In thousands of Qatari Riyals

42. Operating segments

a) Basis for segmentation

Operating Segments align with internal management reporting to the Group's chief operating decision makers. The Group manages its operations in two segments, Operations in Qatar and Operations outside Qatar. These segments offer the same products (Power and Water) but they are managed separately.

Operations in Qatar	Stable business environment and caters to the needs of the off-takers in the State.
Operations outside Qatar	Focus on the expansion of the Group's presence in the global energy markets.

The Group's Managing director reviews the internal management reports of each division on a monthly basis.

b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) for the period is used to measure performance because management believed that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same business.

	Operations in Qatar	Operations outside Qatar	Consolidated financial statements
External revenue	2,637,813	83,600	2,721,413
Inter-segment revenue	114,482	-	114,482
Segment revenue	2,752,295	83,600	2,835,895
Segment profit before tax	1,644,373	105,191	1,749,564
Depreciation and amortisation	(248,649)	(38,518)	(287,167)
Finance costs	(221,958)	(65,575)	(287,533)
Finance income	119,401	57,296	176,697
Share of results from equity-accounted investees	508,330	161,088	669,418
Income taxes	-	2,339	2,339
<i>Other material items of income and expense</i>			
Loss on disposal of asset held for sale	(86,084)	-	(86,084)
Impairment of property, plant and equipment	(83,094)	-	(83,094)
Impairment of slow moving and obsolete inventory (net of reversals)	71,024	-	71,024
Reversal of excess depreciation on property, plant and equipment	39,674	-	39,674
Dividend income	160,909	-	160,909
Bargain purchase gain arising on business combination	204,000	-	204,000
Step-up acquisition gain on deemed sale of a joint venture	50,948	-	50,948

Notes to the consolidated financial statements
As at and for the year ended 31 December 2022

42. Operating segments (continued)

	Operations in Qatar	Operations outside Qatar	Consolidated financial statements
Segment assets			
Property, plant and equipment	4,508,806	1,575,441	6,084,247
Investment in equity-accounted investees	4,604,138	4,300,542	8,904,680
Cash and bank	4,800,425	3,316,546	8,116,971
Other assets	4,292,825	410,770	4,703,595
	18,206,194	9,603,299	27,809,493
Segment liabilities			
Loans and borrowings	7,412,181	3,662,636	11,074,817
Other liabilities	848,111	406,988	1,255,099
	8,260,292	4,069,624	12,329,916

c) Geographic information

The Group's operations in Qatar constitutes to 97% of consolidated revenue and 94% of the consolidated profits for the period, and 65% of the consolidated total assets as of the reporting period. Outside Qatar, the Group has operations through its controlled subsidiaries in Brazil, Netherlands, Australia and Ukraine, and through its associates and joint ventures in Indonesia, Jordan, Australia, Oman and other geographies.

d) Major customers

In the state of Qatar, the Group produces power and water as per the Power and Water Purchase Agreement (PWPA) with the Off takers (KAHRAMAA and QatarEnergy). Outside Qatar, the Group has similar agreements with the local government authorities, and also sale electricity in the open market to private corporate customers.

43. Comparative information

The comparative information is not comparable due to acquisition of Nebras Power Q.P.S.C. during the year, which has been accounted as an equity accounted investee until the previous year (please refer note 41). Further, certain comparative figures have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications did not affect the previously reported net profit, net assets or net equity of the Group.

44. Subsequent events

There were no material subsequent events after the reporting date, which have bearing on the understanding of these consolidated financial statements.

