



QATAR ELECTRICITY & WATER COMPANY Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

Invitation to attend the Ordinary General Assembly Meeting and Extraordinary General Assembly meeting

The Board of Directors of Qatar Electricity and Water Company is pleased to invite you to attend the Meeting of the Ordinary and Extraordinary General Assembly, which is scheduled to be held on Tuesday, 14 March 2023 at 3:30 PM, in the Four Seasons Hotel at Mirqab Hall. In the event that the quorum is not met, the second meeting will be held on the Monday, 20 March 2023 at 3:30 PM, in the Four Seasons Hotel at Mirqab Hall.

Agenda of the Ordinary General Assembly Meeting

1. The speech of His Excellency the Chairman of the Board of Directors.
2. Present and approve the Board of Directors Report for the company's activities, its financial position for the year ended on 31/12/2022 and the future plan.
3. Discuss and approve the External Auditors report on the company's financial position for the fiscal year 2022.
4. Vote on election of the members of the Board of Directors for the next session from 2023 to 2025.
5. Discuss and approve the company's balance sheet and profit and loss account, and in addition to approve the proposal of cash dividends distribution.
6. Review and approve the company's annual corporate governance report for the year 2022.
7. Review and approve the company's policies in compliance to the Qatar Financial Markets Authority requirements based on the decision of the Board of Directors of the Qatar Financial Markets Authority No. (5) of 2016 issue the Governance Code for Companies & Legal Entities Listed on the Main Market.
8. Discharging the members of the Board of Directors for the financial year 2022 and approve their remuneration.
9. Approve the nomination of the External Auditor and their remuneration for the year 2023.
10. Approval of the Share Sale and Purchase Agreement between Qatar Electricity and Water company and Qatar Energy to sell the entire shares held by Qatar Electricity and Water company which is 49% in the capital of Siraj Energy.

The agenda of the Extraordinary General Assembly Meeting

- (1) Approve the amendment of the articles of association of the company to meet the requirements of the regulatory authorities and the provisions of Law No. (8) of 2021 which amending several provisions of the Commercial Companies Law No. (11) of 2015 and authorizing His Excellency the Chairman of the Board of Directors to amend and take all necessary measures with the authorities competent.
- (2) Approve of increasing the limitation of non-Qatari's participation in the Qatar Electricity and Water Company to be 100% corresponding with the provisions of Article (7) of Investment Law No. (1) of 2019 and in accordance with the Cabinet Resolution issued on 18/08/2021, and in addition authorizing His Excellency, the Chairman of the Board of Directors to amend and take all necessary measures with the competent authorities in this regard.

Note:

- In the event that the quorum of the Extraordinary General Assembly is not met in the second meeting, the third meeting will be held after the expiration of the legal period where the date and timing will be determined later.
- Please kindly come to the meeting room at least an hour before the meeting time to complete registration procedures and kindly you are requested to present this invitation upon arrival.
- In the case that you are not able to attend in person, please authorize one of the shareholders, using the format of the power of attorney form. It is not permissible to authorize a member of the Board of Directors, and the number of shares held by the representative should not exceed (5%) of the company's capital.
- The invitation is considered legal for all shareholders in accordance with Law No. (11) of 2015 and its amendments.

Explanation note for item no.10 of agenda

- **Brief Description of Siraj Energy transaction:**
Siraj Energy, a Qatar Private Shareholding Company, is a joint venture Company in which QEWC holds 49% and QatarEnergy holds 51% shares. The Board of Directors of the Company decided to sell the entire shareholding of 49% to QatarEnergy.
- It is to be noted that this decision was made after the Company's Board of Directors review of the valuation done by an external agency and several rounds of negotiations with QatarEnergy.
- A Share Purchase Agreement has been signed in October 2022, by the Company and QatarEnergy, for a consideration of USD 64,543,099, which is subject to fulfillment of certain conditions.

Board of Directors Report 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 145%. 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 shareholders' 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 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 housing. 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 during April 2022 and signed an agreement with Qatari Dair Company and Al-Barjeel Real Estate Development Company to transfer the land.

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, Ras Laffan 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 power was able, thanks to God, to move forward in strengthening its investments and increasing its asset base. It acquired shares in some solar energy projects through the NEK 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 1600 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 Paton 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:

Canso 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 5276 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. (5) 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 QatarEnergy 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 (Qatar Riyals one million three hundred 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 Qataris 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

Mohammed Nasser Al-Hajri,
Managing Director and General Manager

INDEPENDENT AUDITOR'S 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.

1. Carrying value of property, plant and equipment	
The key audit matter	How the matter was addressed in our audit
The Group's property, plant and equipment (PPE) includes power generation and water desalination plants (CGUs) representing more than 97% of total PPE 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 CGUs.	Our audit procedures in this area included, among others: <ul style="list-style-type: none">• 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:<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 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; and• evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, and estimates.
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 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 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 831 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.	
2. Carrying value of equity-accounted investees	
The key audit matter	How the matter was addressed in our audit
The Group has equity accounted investees amounting to QAR 8,905 million (2021: QR 5,073 million) which represents 32% of the total assets of the Group.	Our audit procedures in this area included, among others: <ul style="list-style-type: none">• 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, margins, extension options 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;- 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.
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. These discounted forecast cash flows models use several key assumptions, including estimates of growth in future sales, operating costs, margins, terminal value growth rates and the weighted average cost of capital (discount rate).	
Accordingly, we have considered above as a key audit matter.	
3. Business combination	
The key audit matter	How the matter was addressed in our audit
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 in the investee prior to obtaining control) and also a gain on bargain purchase amounting to QAR 204.00 million.	Our audit procedures in this area included, among others: <ul style="list-style-type: none">• Involving our valuation specialists to assist us in:<ul style="list-style-type: none">- to support us in challenging the valuations produced by the Group and the methodology used to identify the assets acquired and liabilities assumed;- 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 assumption applied to key inputs such as sales volumes and prices, operating costs, capital expenditure and long-term growth rates, which included comparing these inputs with historical and externally derived data as well as our assessments based on our knowledge of the client's business and the industry; and• evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements.
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.	
Due to the size and complexity of this transaction, we have considered this to be a key audit matter.	

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.

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.

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 OFMA: External Auditors' License No. 120153

CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
At 31 December 2022		In thousands of Qatari Riyals	
		2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment		6,084,247	4,805,110
Right-of-use assets		5,7710	22,935
Intangible assets and goodwill		72,605	78,575
Equity-accounted investees		8,904,680	5,072,541
Equity investments at fair value through other comprehensive income		2,322,763	3,164,944
Finance lease receivables		764,888	798,419
Derivative assets		77,536	-
Loans receivable from a related party		60,702	-
Deferred tax assets		32,124	-
Other assets		42,990	10,473
		18,420,245	13,952,997
Current assets			
Inventories		93,987	63,910
Trade and other receivables		778,536	566,040
Finance lease receivables		33,531	24,887
Derivative assets		1,418	-
Cash and bank balances		8,116,971	3,627,113
Asset held-for-sale		236,327	255,535
Assets held-for-distribution		128,478	-
		9,389,248	4,537,485
		27,809,493	18,490,482
EQUITY AND LIABILITIES			
Equity			



QATAR ELECTRICITY & WATER COMPANY Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

Consolidated statement of cash flows

At 31 December 2022

In thousands of Qatari Riyals

	2022	2021
OPERATING ACTIVITIES		
Profit for the period	1,750,448	1,490,095
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment – net of reversals	287,167	275,632
Impairment of property, plant and equipment	83,094	-
Depreciation of right-of-use assets	8,409	4,191
Interest expense on lease liabilities	2,199	1,376
Amortization of intangible assets	5,970	5,970
Share of results of equity-accounted investees	(669,418)	(570,121)
Dividend income from equity investments at FVOCI	(160,909)	(81,411)
Amortization of non-current assets	1,765	1,684
Loan amortization fee	3,389	-
Provision for employees' end of service benefits	12,637	6,829
Net reversal of provision on slow-moving and obsolete inventories	(71,024)	-
Interest income	(176,697)	(72,361)
Loss on sale of an asset held-for-sale	86,084	-
Bargain purchase gain arising on business combination	(204,000)	-
Step-up acquisition gain on deemed sale of a joint venture	(50,948)	-
Property, plant and equipment written-off	-	2,580
Gain in termination of leases	(77)	(439)
Interest expense	285,334	113,389
Operating profit before working capital changes	1,193,423	1,177,414
<i>Working capital adjustments:</i>		
Inventories	40,947	2,434
Trade and other receivables	(212,496)	(61,964)
Finance lease receivables	24,887	150,307
Deferred tax asset	(32,124)	-
Trade and other payables	244,248	(20,595)
Cash flows from operating activities	1,258,885	1,247,596
Employees' end of service benefits paid	(7,286)	(11,598)
Net cash generated from operating activities	1,251,599	1,235,998
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment – net of adjustment	(36,319)	(42,435)
Proceeds from sale of asset held-for-sale – net of expenses	175,000	-
Net movement in other non-current assets	30,812	-
Proceeds from sale of property, plant and equipment	10,083	-
Cash acquired on acquisition of a subsidiary – net of consideration transferred	1,209,780	-
Investment in equity-accounted investees	(906,821)	(209,417)
Dividends received from equity-accounted investees	404,648	371,073
Proceeds from sale of equity investments at FVOCI	663,511	-
Dividends received from equity investments at FVOCI	160,909	81,411
Net movement in loan receivable from equity-accounted investees	-	143,687
Interest received	176,697	61,819
Net movement in term deposits with original maturity over 90 days	(3,636,815)	(181,199)
Net cash (used in) / from investing activities	(1,748,515)	224,939
FINANCING ACTIVITIES		
Repayment of lease liabilities (including interest)	(8,745)	(4,626)
Dividends paid to non-controlling interests	(29,160)	(52,851)
Repayment of loans and borrowings	(296,034)	(628,220)
Dividends paid to owners of the Company	(880,000)	(698,961)
Loan to a related party	(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	1,482,511	629,468

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