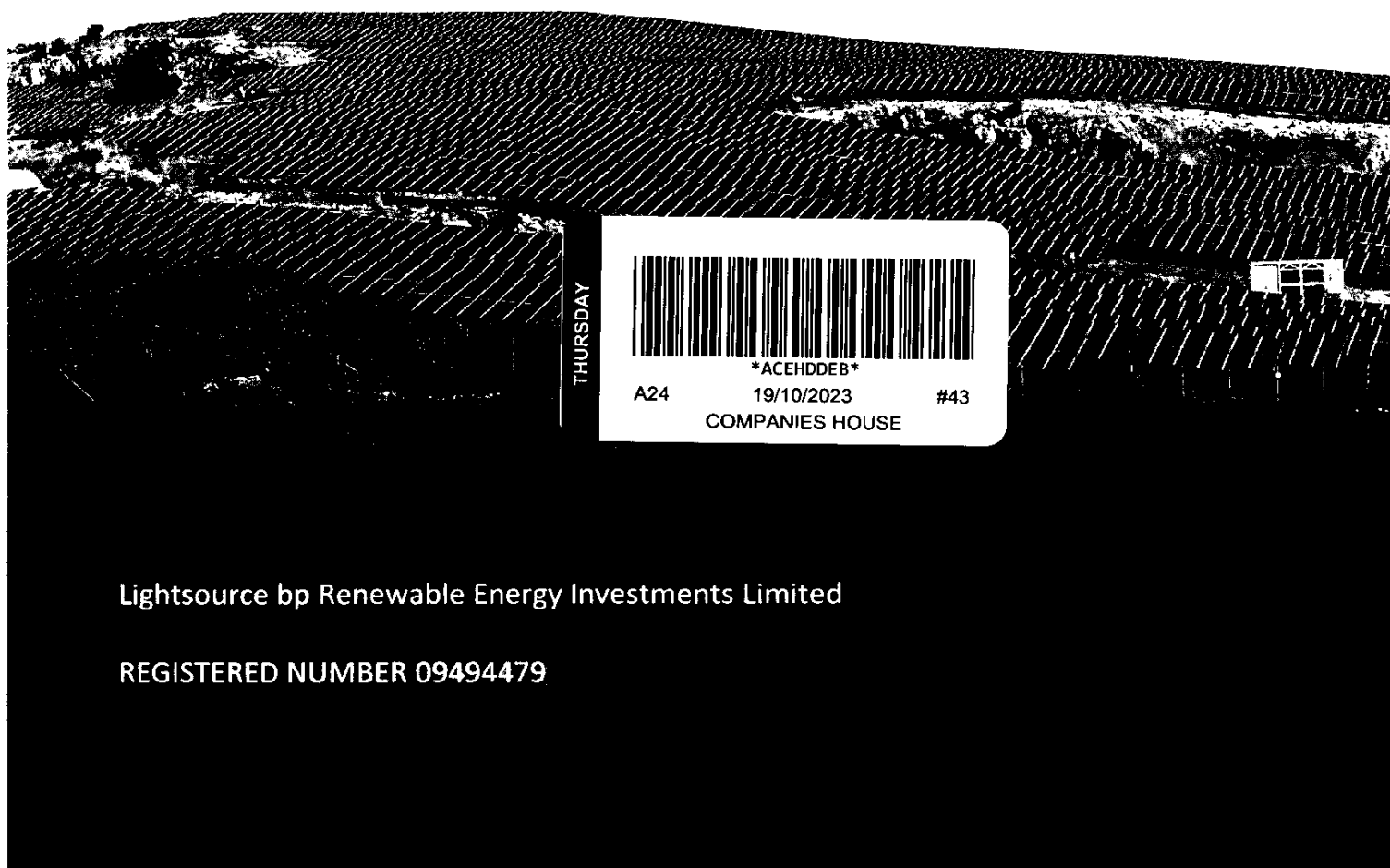


lightsource bp



Annual Report and Financial Statements for the year ended 31 December 2022



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Lightsource bp Renewable Energy Investments Limited

REGISTERED NUMBER 09494479

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Purpose and core values

Our purpose: Delivering solar power to our world

We are Lightsource bp – a global leader in solar development, management and operations. For over a decade we’ve been actively working to change the way our world is powered, with sustainable and responsible solar power. Since 2010 – and following our 50:50 joint venture with bp – we have been deploying affordable, reliable, large-scale solar to help businesses and communities decarbonise.

Our rapidly growing business is constantly learning, investing and pushing boundaries to help drive the energy transition at pace and scale. We harness and grow talent from all sectors to help accelerate the need for a low-carbon future. Our people and projects are focussed on supporting long-term sustainable growth and strengthening the resilience of the world around us.

Our core values

Lightsource bp has core values that drive every aspect of how we do business. We empower and collaborate with our teams and our partners to ensure we continue to be values-led and meet our responsibilities as a business.

Our

are embedded in everything we do

Safety is integral to everything we do. Our people take full responsibility in creating and maintaining a safe and healthy environment for our people and our world.

We are a company of uncompromising integrity and business ethics. We achieve our ambitions and strategic initiatives by doing the right thing, in an honest, fair, transparent and responsible way.

We respect the law, people and the environment. We do not tolerate discrimination. We take great care to respect the people, cultures and environments of the communities we work in across the world.

As a renewable energy company, we are part of the climate change solution. We have set out a sustainability framework, underpinned by our core values to ensure we remain climate conscious and be challenged to continuously improve.

We are the solar brand our communities and customers have come to count on. We adopt a 'solutions' driven mindset throughout our entire business to stay ahead of the game in an ever-changing global energy landscape.

Lightsource bp at a glance

Executive summary

Lightsource bp is an international solar business. We develop, finance, build and operate utility-scale solar power projects through smart and sustainable solutions.

As a leading global solar developer and partner of bp, we are rapidly scaling-up to help meet the rising demand for reliable, renewable electricity, whilst supporting the global energy transition.

How we do business

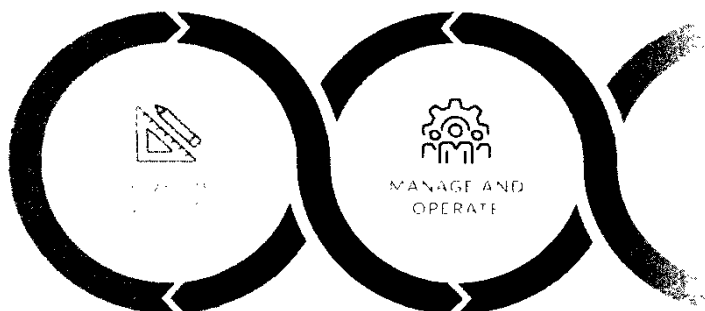
We provide our customers with an end-to-end solution for renewable solar energy. Our operating model is underpinned by our core values, enabled by agility and innovation, and governed by corporate functions.

Our strengths

- Global reach and buying power, financing capability, track record in delivery, investment in innovation.

Underpinned by our company values

- Safety, integrity, respect, sustainability and drive.



Develop & Build

Recently named one of the largest solar developers in the world, we have established a track record in developing solar assets from early-stage greenfield, through to late-stage M&A and 'Ready to build' status.



Manage & Operate

Our team is highly skilled in managing performance and operations of utility-scale solar assets for over 12 years. This includes a mixed portfolio of Lightsource bp-owned projects and third-party assets. We continue to invest in the latest AI technology to improve returns and performance.



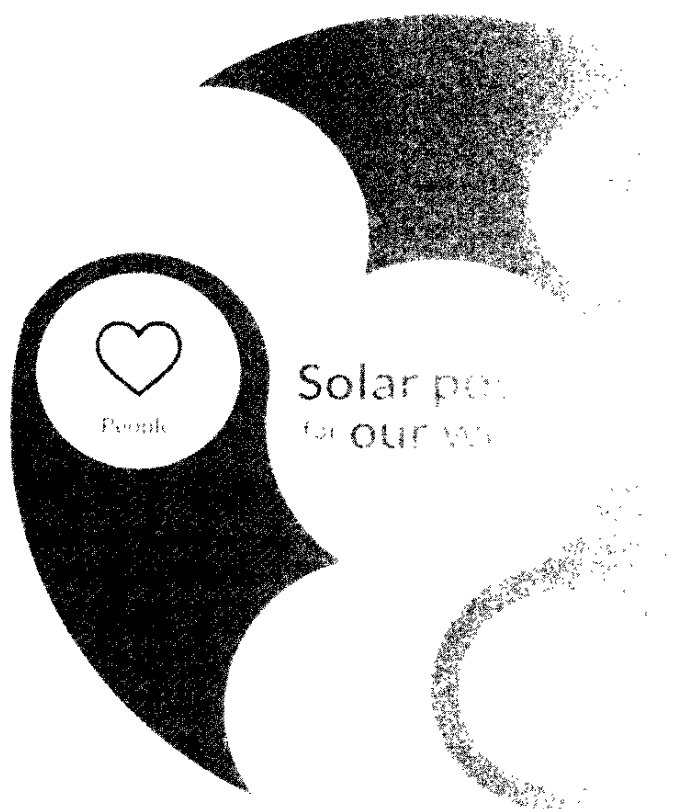
Own & Asset Partnerships

As part of accelerating the energy transition we also provide opportunities around the world for utilities and investors looking to acquire and grow their own renewable portfolios.

Sustainability

Climate change, decarbonising energy and biodiversity loss are among the complex and interwoven global issues that we face today. At Lightsource bp, we are taking action to respond to the urgent call towards addressing these issues.

Sustainability is one of our core values. In 2021, we shared our sustainability framework spanning three key pillars: Energy, Environment, and People. Building on this, we released our first annual sustainability report in 2022.



Our sustainability framework promotes the growth and accessibility of solar power across the world. It demonstrates our commitment towards being a global force for good through our business activities and partnerships.

Our core contribution to global sustainability is in decarbonising the world's energy landscape through responsibly developed solar projects. Our goal is to develop 25GW of solar projects by 2025, and to do so safely and sustainably

Our culture, our vibe

Our culture, core values and team members drive our success. We pride ourselves on demonstrating that we are a values-led company, passionate about diversity, inclusion and equity. We care deeply about creating a safe and healthy place for people to work and encourage a culture of openness and integrity. We are invested in continuous growth across all areas – this is reflected across the business from our team members through to customers, partners and the communities we work with.

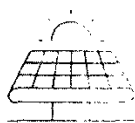
VIBES — Volunteering. Inclusivity. Belonging. Equality. Society

Lightsource bp is an agile and diverse organisation, driven by our entrepreneurial spirit. Our VIBES programme encourages individuality and creative thinking which drives our success and ability to innovate. We have created an open and inclusive business so our people can contribute towards the growth and success of our company, encouraging global collaboration and equality.

That said, there is still much more to do. We must continue to push the boundaries of our thinking, keep improving on diversity, equity and inclusion – and keep the vibrancy and openness of our culture alive.

As we continue to deliver solar power to our world, VIBES holds us accountable to our core values, and drives us to become better people and a better business through our growth. It aligns with the 'People' pillar of our sustainability strategy and helps us create a positive social impact for our people, partners and communities.

Key statistics



8.4GW

of solar projects developed since inception.



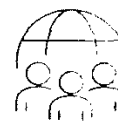
19 regions

where Lightsource bp is active in.



55+GW

solar project pipeline in development.



1,000+

In-house team members.



Adjusted profit after tax¹
£108.6m



EBITDA (before exceptional items)²
£287.2m

¹ Adjusted profit before tax excludes the non-cash impact of fair value adjustments relating to Virtual PPA's. The Directors believe this measure provides users of the financial statements with a more appropriate measure of Group performance.

² EBITDA includes income from our US Tax Equity partnerships.

[illegible]

- 1.1GW developed
- 4 offices
- 67 team members

2022 Highlights

January

Bernardo Goarmon joins as Group Chief Financial Officer

Lightsource bp appointed Bernardo as Group Chief Financial Officer and Board Member. Bernardo's decade of experience in leading the finance function of a major renewables platform makes him an invaluable addition to Lightsource bp's global leadership team.

February

Lightsource bp announces new partnerships in Italy

Partnerships with Solar IT and TEP Renewables, signed for a total of 400MW of solar projects, bolsters our presence in the Italian market.

March

Spanish team celebrates 100 team members

Our Madrid base crossed the 100 team-member milestone after three short years — alongside a multi-GW pipeline of opportunity.

April

Contact and Lightsource bp join forces in New Zealand

We partnered with New Zealand energy company Contact Energy to collaborate on a series of grid-scale solar projects that will create enough energy to power 50,000 homes.

May

Lightsource bp unlocks East Asia with 150MW solar fishery project in Taiwan

Our first project in East Asia and our first fishery project creates an exciting new market and project type for Lightsource bp.

Lightsource bp targets 1GW in France by 2026

Lightsource bp enters the French market with headquarters in Aix-en-Provence with an aim to develop 1GW of solar capacity by 2026.

June

New three-day induction schedule for 2022 interns

Our interns enjoyed a special visit to one of our operating assets — seeing first-hand the power of 'Responsible Solar'.

July

Lightsource bp wins big in UK renewables auction

Lightsource bp secures 130MW of new capacity in the UK's Contracts for Difference auction.

August

Lightsource bp set to be Australia's largest solar developer

Lightsource bp becomes the largest solar developer in Australia, four years after entering the market with more than 1GW of developed solar capacity.



2022 HIGHLIGHTS

September

Lightsource bp crowned world's largest solar developer

Research firm Mercon Capital Partners said that Lightsource bp is the world's largest solar developer based on solar projects in operation, under construction and mature pipeline

Lightsource bp receives first positive Environmental Impact decision in Portugal

Lightsource bp's first Portugal project — a 260MW solar farm in Paiva — was given the green light.

October

Major American projects give the go-ahead

Two significant projects in America were given the go-ahead — a 130MW project in Alabama and a 250MW project in Arkansas.

November

Lightsource bp attends COP27

Our delegation attended to stress the importance of immediate action and what can be done to support renewable energy deployment at the scale and pace the world needs.

Lightsource bp launches our first-ever Sustainability Report

Our first-ever Sustainability Report outlines our industry-leading commitment to Responsible Solar.

December

Lightsource bp celebrated its five-year anniversary since joining with bp

December 2022 marked five years since bp and Lightsource entered into a partnership to become Lightsource bp — a 50:50 joint venture between the companies.

Lightsource bp opens its first office in Greece

The new space in Athens will be home to our Greek operations with has ambitions to develop 1GW of solar by 2025.

Directors and advisors

Directors



Mike Roney
Non-Executive Chairman



Nick Boyle
Group CEO



Kareen Boutonnat
CEO Europe
& International



Paul McCartie
Group Chief
Investment Officer



Joaquin Oliveira
Non-Executive Director



Noelia Marivela
Non-Executive Director



Simon Ashley
Non-Executive Director

Executive Senior Management



Bernardo Goarmon
Group Chief Financial
Officer



Kevin Smith
CEO Americas



Heather Hayes
HR Director

Company Secretary



Lee Young
Group General Counsel

Letter from the CEO

2022 was another remarkable year for Lightsource bp and the contents of this Annual Report are testament to that. The report embodies the inspiring journey of the company and the significant strides we're making towards a sustainable future — none of which could happen without our extremely talented team members who continue to deliver beyond business as usual.

Moving at the speed of light

In an era marked by profound environmental challenges and an urgent need for clean energy solutions, Lightsource bp has continued to invest in laying the foundations to meet our market-leading ambition to develop 25GW of solar by 2025. That means growing our pipeline, our presence and our people in as many markets as possible.

A high-performing company with a mission

Over the past year, Lightsource bp has continued to soar to new heights, achieving remarkable growth and hitting numerous milestones.

We have solidified our presence in key markets across the globe, fostering strategic partnerships and expanding our reach to bring solar power to communities in need. We also entered two new markets, France and New Zealand, expanding our reach and ability to bring clean power to everyone. We developed more than 3GW of solar capacity — the most we've ever done in a year. We grew from 700 team members to more than 1,000 — a significant milestone for any company — and we're only getting started.

Innovation at our core

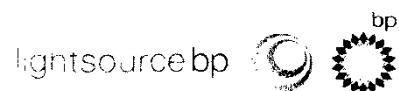
At the heart of our success lies our unwavering focus on technological innovation. We constantly assess how we can push the boundaries of solar to make it more efficient — both in terms of cost and generation. From advanced photovoltaic systems to energy storage solutions, we continue to pioneer breakthroughs that empower our stakeholders to embrace sustainable practices without compromising on performance or profitability.

Responsible solar remains the mission

Despite the speed that we move at, at the heart of our Lightsource bp lies our steadfast commitment to sustainability — developing responsible solar isn't optional for us, it's in our DNA.

Our unwavering dedication to sustainability is evident in our track record of completing projects efficiently and effectively, prioritising sustainable materials and practices, and genuine two-way engagement with local communities and stakeholders.

It all starts from our careful site selection, where we weigh up what contribution our sites could make to habitat creation and boosting biodiversity. We follow that with responsible development processes, seeking to make a positive social impact.



Driven forward by a team that makes it happen

None of our accomplishments would have been possible without the unwavering dedication and expertise of our exceptional team. Our team members embody Lightsource bp's core values, driving the company forward while never compromising our integrity, the safety of those around us, the sustainability of our projects and having the utmost respect for the people, cultures and environments we work in across the world.

As we look to the future, our vision remains the same. We will keep innovating and expanding our portfolio of energy solutions, creating a diverse range of offerings that accelerate the move to clean energy. Our global expansion plans are set to accelerate, with a focus on emerging markets and regions where the potential for solar energy adoption is vast.

Together, we've accomplished extraordinary things, and I am confident that our shared journey towards a sustainable future will pave the way for a world that thrives on renewable energy.

A handwritten signature in black ink that reads "N Boyle".

Nick Boyle

Group CEO

Lightsource bp

Strategic report

Business activities and the market we operate in

Lightsource bp is a global market leader in the development, acquisition and long-term management of international large-scale solar photovoltaic (PV) projects and smart energy solutions. Our projects generate competitively priced, dependable, clean energy for businesses and communities. For more information, please refer to the section 'Lightsource bp at a glance.'

Business review

2022 was a landmark year cementing the company's progress towards its ambition of developing 25GW by 2025. The company executed several notable transactions reinforcing Lightsource bp as a Global Solar Franchise. In 2022 the development team developed 3.5GW of new sites across the UK, Australia, Spain, UK, the US and delivered its first projects in Brazil and Poland.

As part of its focus on long-term growth, Lightsource bp secured 6.9GW of new projects, bringing the total mature pipeline to 28GW. Lightsource bp's development team also closed on their first battery and energy storage system (BESS) projects that are co-located on conventional solar sites. In the UK this has included its largest project to date as well as co-located BESS projects. Lightsource bp has also continued to offer route-to-market power purchase agreements across its regions with corporate off takers.

Within EMEA the Company developed 1,053MW which included Lightsource bp's first projects in Poland as well as its largest project to date in Spain. The APAC development team developed 1,090MW. In the Americas, as well as completing its first project under the third-party pipeline acquired in the US by bp, the team also developed 1,232MW which included closing financing on a 212MW project in Brazil, its first in the region.

As the business continues to scale up its operations to deliver operational assets safely and sustainably, Lightsource bp constructed 624MW in 2022 across projects in Spain, Australia, the UK and the US. The group also made several divestments of operational assets, successfully selling operational assets in Spain as part of the strategy to recycle funds to further invest in pipeline growth. Lightsource bp has continued to deepen the use of digitalisation and automation initiatives to strengthen its technology architecture. Through 2022 this has included the implementation of new human capital management software and further enhancements to internal project tracking software, as well as continuing to develop its pipeline of longer-term improvement initiatives.

Our business model and strategy

Lightsource bp operates at all stages of the life cycle of a solar plant and performs all of the tasks in-house. This is a key differentiator when comparing our business model with listed funds and most other solar companies. Our international development teams identify new and creative solutions, which are complimented by our world class financing team, and it is with these skills and entry at the planning and development phase that captures the major value of an operating solar plant.

In addition, we retain the Operations and Maintenance (O&M) and Asset Management contracts of the solar plant which typically run for 35 + years and are inflation linked. Our revenue model is focused on capturing value throughout the life of the asset, integrating in-house development, securing routes to market via innovative revenue and energy management structures, asset financing expertise and operational management to optimise competitiveness (our build, manage and operate strategy). Lightsource bp carefully manages its capital and maintains a keen focus on balance sheet efficiency whilst also ensuring that it has sufficient liquidity to meet its current liabilities. The core predictable operating cashflow is generated by our independent Asset Management and O&M businesses and the electricity generated from our owned operational solar plants, while the development services agreement with bp will contribute a new revenue stream. As we continue to grow and our pipeline matures, asset disposals will become an increasingly important source of capital to fund further investment in pipeline growth.

Principal risks and uncertainties

Health & Safety risk

Inherently working with electricity exposes the company to health and safety risk. Creating and maintaining a long term, continuously safe and healthy environment is our top priority. Safety is a mindset and attitude we adopt and applies to everything we do. We ensure all safety measures are taken to protect our employees, customers and business partners. We are committed to safe delivery of our business to the communities and partners we work with and are continuously creating sustainable solutions that are safe by design.

Liquidity risk

The ability of the company to meet its current obligations needs to be continually considered, now more than ever in the current macro-economic environment. Significant improvements have been made to our liquidity forecasts on a rolling five quarter basis, providing sufficient time to identify and remedy situations before they arise.

Development risk

Inherently, development activities pose a level of risk. Assessing and mitigating third-party development risks, many of which are out of our direct control, is at the core of our business model. We have a cross-functional experienced team that manages our development activities in country, providing us with comfort that development risks are understood and appropriately managed.

Financing risk

The company relies on access to debt markets to finance and refinance asset portfolios. Without this access to debt markets the company's ability to grow would be curtailed and the ability to meet debt repayments at the legal tenor would be challenging. In mitigation, the company has had continued access to debt capital markets and good relationships with lenders. There are no immediate refinancing needs of the company prior to September 2024.

Energy Price risk

The conflict between Russia and Ukraine has raised the energy price risk profile. One of the gaps identified last year was the lack of established investment decision risk management procedures and a lack of delegation of authorities. This has been addressed during the last review where the Group's delegated operational controls policy (the "DOC") was established in the context of the risk management procedure. A new Global Head of Investments role has been created, the scope for which will include mitigating this risk further by developing our understanding of it and our ability to track, react and manage the risk through procedures and tools.

New market entry risk

Whilst in our growth phase, the company continues to expand into new territories. The risk of doing business in new regions has been mitigated by employing local expertise and taking our time to fully understand the market we are operating in by establishing cross disciplinary new market entry teams.

Counterparty risk

As we continue to grow, particularly in new jurisdictions, failure of our counterparties to meet obligations can pose a risk to our reputation and deliverables. We have strengthened our skill set in this area by investing in an improved risk and compliance framework, assessing the suitability of all significant counterparties prior to engaging them.

Key financial performance indicators (KPIs)

Currently we focus on Revenue, EBITDA and Net Asset Value as our key financial KPIs. In the financial year to 31 December 2022 revenue was £166.0m (year ended 31 December 2021: £117.8m), EBITDA before exceptional items was £190.7m (year ended 31 December 2021: £6.5m) and net liabilities of £126.5m (31 December 2021: net liabilities of £125.1m) all of which have exceeded budget.

It is worth noting that the Group monitors Adjusted Profit / (Loss) After Tax as an alternative performance measure. This performance measure excludes the volatilities in the Mark to Market of Virtual PPA derivatives (VPPA's). **In the financial year to 31 December 2022, Adjusted Profit /(Loss) After Tax was £108.6m (year ended 31 December 2021: (£22.6m)).**

It is important to note that we record our assets at cost and do not value the financial significance of holding 25-year index linked Operations & Maintenance and Asset Management costs. Of particular note is the value of our development pipeline which does not materialise in our financial statements. Lightsource bp has continued to drive continuous improvement through its short-term incentive bonus scheme, with its focus on a well-balanced list of KPIs that cover Health and Safety, Profitability and Cost Efficiency.

Statement by the directors in performance of their statutory duties in accordance with Section 172 Companies Act 2006

Section 172 of the Companies Act 2006 requires directors to take into consideration the interests of stakeholders in their decision making. The board of Lightsource BP Renewable Energy Investments Limited (the "Company") is cognisant of its duty to promote the success of the Company. It continues to carefully consider the interests of the Company's employees and other stakeholders, including the impact of its activities on communities, the environment and the Company's reputation, when making decisions.

The Company's board (the "Board") further recognises that it has an overall responsibility for ensuring that a satisfactory dialogue with its shareholders takes place. In addition to the Board's executive directors, the Board is comprised of an independent non-executive director and non-executive bp-nominated directors to ensure that shareholder views on Company group ("Group") matters are taken into consideration.

In addition, the Board has established principal committees which support it in carrying out its duties. The Board at every meeting receives reports on matters including health & safety performance, financial and operational performance and new business developments. Over the course of the financial year, the Board also reviews other matters, including the Company's business strategy, key risks, stakeholder-related matters and governance, compliance and legal matters. The Group's DOC articulates the internal approval requirements that have been delegated by the Board to ensure the appropriate operation of the business. The Board routinely monitors the delegation of authority, ensuring that it is regularly updated, while retaining ultimate responsibility.

The Directors' Report sets out the key stakeholders whose interests the Board takes into consideration and how the Company engages with these stakeholders. When making decisions, the Board ensures that they act in the way they consider, in good faith, would most likely promote the Group's success for the benefit of its members, and in doing so have regard to:

Our purpose, strategy, and considerations for long-term consequences of decisions

Our purpose is to create solar power for our world by building responsible and sustainable projects for businesses and local communities. The Board has demonstrated its awareness of the likely consequences of its decisions over the long term as part of its consideration of the Group's strategy and business model as set out on pages 13 and 14. Our values, as set out on pages 3 to 7, are key to how we do business and are closely aligned to the matters the Company's directors must consider as part of their Section 172 duties. As a large yet agile-minded organisation, we have the ability to evolve quickly in our rapidly changing world to keep delivering low-cost, reliable solutions to our global customers, while responding to the climate crisis with the urgency and attention it demands.

The desirability to maintain a reputation for high standards of business conduct

The Board acknowledges its responsibility for setting and monitoring the culture, values and reputation of the Company. The Group, led by the Board, prides itself on its reputation as industry-leaders in safety, integrity, and risk management. The Board recognises that maintaining the highest standards of business conduct is central to Lightsource bp's continued success and growth.

The Board's requirements are set out in our Code of Business Conduct and Ethics, our Code of Business Conduct and Ethics for Counterparties, and related policies addressing matters such as bribery, corruption and counterparty risk management. In 2022, the Board oversaw the ongoing implementation and continuous improvement of the compliance program. This was achieved through regular updates to the Audit Committee covering both the overall program, and specific compliance risks. We also routinely consider compliance matters within our decision-making committees, for example by reviewing pre-contract due diligence results and mitigations relating to suppliers, developers and EPC partners. Alongside ongoing training, communication, and counterparty risk management, we oversaw improvements to the compliance program. In late 2021 a new HSE Management System was launched with the Group. This is the strong foundation and point of reference that the company uses to deliver a globally standardised approach to ensure safe and compliant business and operations, while continuously improving. The year of 2022 has seen the organisation embed this new system into its day-to-day operations and achieve the significant Health, Safety and Environmental commitments.

Engaging with our shareholders

The Board is committed to openly engage with our shareholders, as we recognise the importance of ongoing, effective dialogue. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard, and any issues or questions raised properly considered.

Approved and signed on behalf of the board.



N Boyle

Director

19 July 2023

Directors' Report

The directors present their report and audited consolidated financial statements for the year ended 31 December 2022.

Principal activities

The group's principal activity is the development, construction and operation of solar plants and the generation of solar power. The company's principal activity is to act as a holding company for the group.

Future developments

The impact of the Russia/Ukraine conflict on the Company's financial position and performance will depend on future developments, including macro-economic events such as inflation and global energy market disruption. These developments and the impact on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and the overall economy are impacted for an extended period, the Company's performance may be affected.

The Company no longer expects performance to be impacted by Covid-19 and there are no other known future developments expected to impact the Group.

Results and dividends

The group recorded revenue of £166.0m (year ended 31 December 2021: £117.8m). Operational solar plants generated £148.4m (year ended 31 December 2021: £107.1m) of revenue, £7.6m (year ended 31 December 2021: £6.8m) was generated by operations and maintenance fees, and £9.9m (year ended 31 December 2021: £3.9m) was other revenue.

£19.0m dividends were paid in the year (year ended 31 December 2021: £nil).

In addition, Virtual Power Purchase Agreement's ("VPPA's") are accounted for as financial derivatives held at fair value, with movements recognised to profit or loss. During the period, the group recognised a £204.4m loss in relation to VPPA contracts (31 December 2021: £148.3m).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise indicated, were:

S Ashley (appointed 1 July 2023)
 K Boutonnat
 N Boyle
 N Marivela (appointed 22 August 2022)
 P McCartie
 J Oliveira
 M Roney
 F Arbelaez Hoyos (resigned 1 March 2022)
 M Jauregi Letemendia (resigned 22 August 2022)
 D Anderson (resigned 1 July 2023)

Financial risk management

Credit risk

The group's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk therefore arises from its trade debtors. The group has no significant concentration of credit risk, with exposure spread over a large number of customers. The risk on these customers is rated as very low, with each being supported by significant cash reserves and all invoices issued being on immediate payment terms.

Cash flow risk

The group seeks to manage risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Interest rate risk

The group is exposed to fluctuations in interest rates on its borrowings and applies hedge accounting for transactions entered to manage the cash flow exposures of borrowings. The group reduces that exposure using interest rate and RPI swaps that fix the payments on those borrowings. These instruments are designated as cash flow hedges of floating rate borrowings.

Price risk

The group is exposed to price risk in its day-to-day operations and seeks to manage this risk through robust cost monitoring processes and acts accordingly where required. The Group enters into long-term fixed price contracts with customers to mitigate fluctuations on electricity prices between periods.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with the particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue. It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and factors affecting the performance of the group. The company has regular company updates on progress and decision making. Employees are encouraged to actively participate in the discussions. The company operates a short and long-term incentive program that rewards an individual's personal performance during the year. Lightsource bp is predominately an employee-owned company and ensuring there is common alignment through short and long-term incentives is seen as an important way to attract and retain our diverse talent pool.

Directors' indemnities

The Directors have the benefit of the indemnity provisions contained in the Company's Articles of Association, and the Company has maintained throughout the year Directors' and officers' liability insurance for the benefit of the Company, the Directors and its officers. The indemnity provisions remain in force at the date of this report.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK-adopted international accounting standards and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- State whether applicable UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Understanding the view of all our stakeholders and fostering business relationships

The Group's relationship with bp is vital to the Company's strategy. bp's commitment to net zero is an opportunity for the Group to support its ambitions through delivery of solar energy at scale. The Group also has a sustainability strategy which outlines how the Group will deliver solar power responsibly. This includes strong environmental stewardship by enhancing ecosystems and biodiversity, taking science-based climate action on emissions and improving circularity. The Group seeks business relationships with suppliers who share our Group's values. In line with this, compliance and procurement due diligence is conducted on all suppliers prior to engaging them for services. If engaged, the services are monitored throughout the life of the relationship. All suppliers are required to comply with our Counterparty Code of Business Conduct and Ethics and to enforce these expectations throughout their supply chains.

Community and the environment

We are very aware of our reputation and the direct impact we have on our stakeholders and ensure we comply with statutory and planning regulations, health and safety and associated policies. As the climate crisis is increasingly an environmental risk to all stakeholders and business relationships of the Group, we inspire and enable millions of businesses and communities to choose solar. This is achieved by offering low-cost solar, expanding access to sustainable low-carbon energy solutions, and raising awareness of the benefits of solar energy. The Group also offers support to local communities around its solar farms.

The Group is conscious of the impact that its operations have on the community and the environment. In 2022, the Board reviewed and approved the Company's annual sustainability report which included a greenhouse gas emissions inventory, GHG reduction targets, and the Group's ambitions in biodiversity and recycling. The report also detailed how the Group engages with local communities and reiterates our commitment to respecting human rights. Further information can be found in our Human Rights policy and our annual Modern Slavery statement. The Company has also, in accordance with reporting disclosure requirements, included energy and carbon reporting in its annual accounts.

One of the key corporate responsibilities close to our heart is giving back through the Lightsource Foundation. Our current focus is to help the most vulnerable children in Sarlahi, Nepal whilst working with world's largest international children's charity, World Vision.

Engaging with our employees

Employees are central to the long-term success of the Company, as such, the Group has continued its practice of keeping employees informed of matters affecting them as employees and factors affecting the performance of the Group. The Board and The Executive and its Remuneration Committee have recognised that the talent market in the Renewables industry remains highly competitive and approved two key actions; the increase of on target bonus for 40% of the roles following salary re-benchmarking conducted in the previous year, and the inclusion of 42% more roles into our extended LTIP programme.

The Board supported the implementation of a global engagement and wellbeing survey to ensure that the Group remains connected through its significant period of global population growth. The results reflected the positivity of people in the organisation with an excellent completion rate of 80% of our people participating. 74% of our people feedback that they were positively engaged. Resulting actions to protect and improve on this engagement for the future include investment in further wellbeing initiatives, expanded learning opportunities, extended onboarding for new starters and the introduction of communication and networking methodologies.

The VIBES committee which stands for Volunteering, Inclusion, Belonging, Equality and Society focuses on the engagement and wellbeing of our employees and the creation of a positive and inclusive environment. The committee delivers projects and communication in 4 key areas; Philanthropy; Inclusive Social Events; DE&I metrics and networks; and Wellbeing.

Capital management

The Company actively manages its capital position by ensuring:

- Capital is allocated efficiently to support the development and growth of the business by ensuring returns on capital employed meet the required thresholds.
- Financial flexibility is maintained through strong liquidity management and access to a broad range of lenders and debt capital markets.
- Aligning the profile of assets and liabilities in light of risks and opportunities in the business.

Our management of risk and opportunities

The strategic report covers the following: business risks; counterparty risk, new market entry risk, government support risk, financing risk, liquidity risk, development risk, health & safety risk and Statement by directors in performance of their duties in accordance with Section 172 Companies Act 2006.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

Energy and Carbon reporting

The below table and supporting narrative summarise the Streamlined Energy and Carbon Reporting (SECR) disclosure in line with the requirements for a “large” group, as per The Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

UK energy use and associated greenhouse gas emissions

As the Group has outsourced its day-to-day activities to third parties, there are no significant greenhouse gas emissions from its direct operations. In relation to the Group’s investments, the main greenhouse gas emissions arise from electricity imports and from operations and maintenance activity.

| | 31.12.2022 | 31.12.2021 |
|--|------------|------------|
| Electricity consumption – kW m2 | 1,864,136 | 2,070,867 |
| Gas consumption - MWh | 77.9 | 50.5 |
| Associated carbon emissions from electricity consumption – tCO ₂ e | 104 | 198 |
| Associated carbon emissions from gas consumption – tCO ₂ e | 6.8 | 9.7 |
| Estimated mileage from operations and maintenance activity (’000 miles) | 227 | 251 |
| Emissions from operations and maintenance activity – tonnes CO ₂ e | 581 | 681 |
| Intensity ratio – total tonnes tCO ₂ e per electricity generation (GWh) | 0.7 | 1.1 |

Consumption data was determined by using site meter data and invoices or CIBSE guidance for offices. Total mobile fuel consumption from operations and maintenance activity was derived from fuel invoices. Associated emissions were determined by applying the UK government conversion factors to the relevant activity.

For the purposes of calculating an appropriate intensity ratio, the electricity generation includes both Group owned assets and third party owned assets where the Group is performing operations and maintenance services.

Energy efficiency action taken

The Group's associated emissions from electricity consumption have declined steeply as greater than 80% of our office footprint has transitioned to sources of renewable energy.

Additionally, the core function of the group's assets is renewable (solar) energy generation, which avoids emissions relative to other electricity sources, see table below for further details:

The below data was determined by using UK government data for average annual household consumption and the relevant UK government electricity conversion factor. Electricity generation increased 25%, yet the equivalent number of households powered increased by only 19% due to increased average UK household annual electricity consumption.

| | 31.12.2022 | 31.12.2021 |
|---|------------|------------|
| UK Electricity generation - MWh | 974,980 | 783,088 |
| Equivalent number of households powered in the year | 250,123 | 209,887 |
| Equivalent tonnes of CO ₂ avoided | 207,218 | 166,273 |

The above data was determined by using UK government data for average annual household consumption.

Approved and signed on behalf of the board.



N Boyle

Director
19 July 2023

Company Information

Company number

09494479

Registered office

7th Floor
33 Holborn
London
EC1N 2HU

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Independent auditors' report to the members of Lightsource bp Renewable Energy Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Lightsource bp Renewable Energy Investments Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Consolidated statement of financial position and the Company balance sheet as at 31 December 2022; the Consolidated statement of comprehensive income, the Consolidated and Company statements of changes in equity and the Consolidated statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company'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 directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 (UK) 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 financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to direct laws and regulations for example UK and overseas tax legislation and the Companies Act 2006, and we



considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to overstate revenue. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of board minutes;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, which included but was not limited to, impairment of assets, capitalisation of development and constructions costs, and recognition of decommissioning provisions.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
19 July 2023

Financial Statements
Consolidated statement of comprehensive income
for the year ended 31 December 2022

| | Note | 2022 £000 | Restated 2021 £000 |
|---|------|------------------|--------------------------|
| Revenue | 6 | 165,973 | 117,783 |
| Cost of sales | | (117,586) | (76,857) |
| Gross profit | | 48,387 | 40,926 |
| Administrative expenses | | (102,698) | (76,244) |
| Other operating income | | 16,331 | 567 |
| Other operating expenses | | - | - |
| Operating loss | 9 | (37,980) | (34,751) |
| Finance expense | 10 | (332,676) | (203,786) |
| Finance income | 11 | 1,704 | - |
| Profit on disposal of subsidiaries | 12 | 194,608 | 18,246 |
| Share of profit of joint ventures | | 543 | 60 |
| Loss before tax | | (173,801) | (220,231) |
| Income tax credit | 13 | 77,982 | 48,016 |
| Loss for the year | | (95,819) | (172,215) |
| Other comprehensive income | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax): | | | |
| Net gain on cash flow hedges | | 8,914 | 10,191 |
| Exchange differences on translation of foreign operations | | 104,523 | 1,824 |
| Other comprehensive income for the year (net of tax) | | 113,437 | 12,015 |
| Total comprehensive expense for the year | | 17,618 | (160,200) |

All activity in both the current and the prior period relates to continuing operations.
The notes on pages 32 to 101 form part of these consolidated financial statements.

Financial Statements
Consolidated statement of financial position
at 31 December 2022

| | | 2022 | 2022 | Restated | Restated |
|--------------------------------------|------|-----------|------------------|--------------|------------------|
| | Note | £000 | £000 | 2021 £000 | 2021 £000 |
| Non-current assets | | | | | |
| Property, plant and equipment | 14 | | 2,732,819 | | 1,650,982 |
| Right-of-use assets | 15 | | 103,760 | | 116,122 |
| Intangible assets | 16 | | 547,079 | | 541,953 |
| Investments | 17 | | 12,094 | | 9,387 |
| Deferred tax assets | 18 | | 46,196 | | 70,323 |
| Derivative assets | 25 | | 145,197 | | - |
| Total non-current assets | | | 3,587,145 | | 2,388,767 |
| Current assets | | | | | |
| Inventories | 19 | 891 | | 229 | |
| Trade and other receivables | 20 | 153,264 | | 40,452 | |
| Current tax assets | | 6,798 | | - | |
| Cash and cash equivalents | | 462,881 | | 305,403 | |
| Total current assets | | | 623,834 | | 346,084 |
| Total assets | | | 4,210,979 | | 2,734,851 |
| Current liabilities | | | | | |
| Trade and other payables | 21 | 362,354 | | 247,547 | |
| Borrowings | 22 | 41,756 | | 261,693 | |
| Lease liabilities | 23 | 6,331 | | 6,908 | |
| Current tax liabilities | | - | | 9,937 | |
| Total current liabilities | | | 410,441 | | 526,085 |
| Non-current liabilities | | | | | |
| Other payables | 21 | 112,535 | | 149,609 | |
| Borrowings | 22 | 3,290,895 | | 1,877,335 | |
| Lease liabilities | 23 | 88,240 | | 91,414 | |
| Derivative financial instruments | 25 | 388,430 | | 171,885 | |
| Provisions | 24 | 46,932 | | 43,635 | |
| Total non-current liabilities | | | 3,927,032 | | 2,333,878 |
| Total liabilities | | | 4,337,473 | | 2,859,963 |
| Net liabilities | | | (126,494) | | (125,112) |

Financial Statements

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

| | | 2022 | 2022 | Restated | Restated |
|----------------------|------|------|------------------|----------|------------------|
| | Note | £000 | £000 | 2021 | 2021 |
| | | | | £000 | £000 |
| Equity | | | | | |
| Issued share capital | 26 | | 16 | | 16 |
| Share premium | 27 | | 176,108 | | 176,108 |
| Other reserves | 27 | | 90,995 | | (22,442) |
| Accumulated loss | 27 | | (393,613) | | (278,794) |
| Total equity | | | (126,494) | | (125,112) |

The financial statements on pages 27 to 101 were approved by the Board of Directors on 19 July 2023 and signed on its behalf by:



N Boyle
Director
19 July 2023

The notes on pages 32 to 101 form part of these consolidated financial statements.

Financial Statements

Consolidated statement of changes in equity
for the year ended 31 December 2022

| | Share Capital £000 | Share Premium £000 | Other Reserves £000 | Accumulated losses £000 | Total £000 |
|---|--------------------------|--------------------------|---------------------------|-------------------------------|------------------|
| Restated total equity at beginning of the financial year | 16 | 176,108 | (34,457) | (106,579) | 35,088 |
| Loss for the year (restated) | - | - | - | (172,215) | (172,215) |
| Other comprehensive income (restated) | - | - | 12,015 | - | 12,015 |
| Total comprehensive expense for the year | - | - | 12,015 | (172,215) | (160,200) |
| At 31 December 2021 | 16 | 176,108 | (22,442) | (278,794) | (125,112) |
| Loss for the year | - | - | - | (95,819) | (95,819) |
| Other comprehensive income | - | - | 113,437 | - | 113,437 |
| Total comprehensive income/(expense) for the year | - | - | 113,437 | (95,819) | (17,618) |
| Dividends paid | - | - | - | (19,000) | (19,000) |
| At 31 December 2022 | 16 | 176,108 | 90,995 | (393,613) | (126,494) |

Other reserves for the Group comprise of: (£7,634k) distributable reserves (31 December 2021: (£7,634k)); £3,329k capital redemption reserve (31 December 2021: £3,329k); £86,479k Hedge reserve (31 December 2021: (£18,044k)); and £8,821k foreign exchange reserve (31 December 2021: (£93k)).

Financial Statements
Consolidated statement of cash flows
for the year ended 31 December 2022

| | Note | 2022 £000 | Restated 2021 £000 |
|--|------|------------------|-----------------------|
| Cash (used in)/generated from operations | 28 | (14,362) | 96,407 |
| Income tax paid | | (13,325) | (9,196) |
| Net cash (outflow)/inflow from operating activities | | (27,687) | 87,211 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (1,232,002) | (686,071) |
| Proceeds from sale of property, plant and equipment | | - | 76 |
| Proceeds received from settlement of hedging instrument | | 25,350 | |
| Purchase of intangible assets | | (34,849) | (125,616) |
| Cash acquired through acquisition of subsidiaries | | - | 847 |
| Net proceeds from disposal of subsidiaries and solar projects | 12 | 404,186 | 14,821 |
| Acquisition of associates | 17 | (2,165) | (2,032) |
| Purchase of financial derivatives | | - | (2,138) |
| Net cash outflow from investing activities | | (839,480) | (800,113) |
| Cash flows from financing activities | | | |
| Proceeds received from borrowings | | 4,338,322 | 1,663,881 |
| Repayment of borrowings | | (3,272,768) | (793,531) |
| Payment of bank facility arrangement fees | | (2,178) | (11,501) |
| Principal payment of lease liabilities | 23 | (4,011) | (3,540) |
| Interest paid on lease liabilities | 23 | (2,879) | (1,852) |
| Net Interest paid | | (25,220) | (18,744) |
| Dividends paid shareholders | | (19,000) | - |
| Repayment of tax equity | | (6,312) | (5,047) |
| Net cash inflow financing activities | | 1,005,954 | 829,666 |
| Net increase in cash and cash equivalents | | 138,787 | 116,764 |
| Cash and cash equivalents at the beginning of the financial year | | 305,403 | 188,076 |
| Effects of exchange rate changes on cash and cash equivalents | | 18,691 | 563 |
| Cash and cash equivalents at end of year | | 462,881 | 305,403 |

The notes on pages 32 to 101 form part of these consolidated financial statements.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022

1 General information

Lightsource bp Renewable Energy Investments Limited is a private company, limited by shares, incorporated, domiciled and registered in England, United Kingdom, with registration number 09494479. The address of its registered office is 7th Floor, 33 Holborn, London, EC1N 2HU.

2 Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act and as applicable to companies reporting under those standards.

For all periods up to and including the year ended 31 December 2021 the Group prepared its financial statements in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102"). These financial statements for the year ended 31 December 2022 are the first the Group has prepared in accordance with UK-adopted International Accounting Standards ("IFRS").

Refer to Note 4 for information on how the Group adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. Accounting policies have been applied consistently, other than where new policies have been adopted.

The consolidated financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

No profit and loss account for the Company has been presented as permitted by Section 408 of the Companies Act 2006. Copies of the financial statements can be obtained from 7th Floor, 33 Holborn, London, EC1N 2HU.

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. Refer to Note 32 for details of the Group's interests in subsidiaries and other entities.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

2.3 Going concern

The directors have at the date of approving these financial statements, a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. This expectation was based on various sensitivity analysis on equity and liquidity forecasts, as well as covenant compliance tests which yielded positive projections. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***2 Significant accounting policies *(continued)*****2.4 Summary of significant accounting policies**

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(b) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***2 Significant accounting policies *(continued)*****(b) Investment in associates and joint ventures *(continued)***

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The aggregate of the Group's share of profit or loss after tax of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

(c) Revenue from contracts with customers

Revenue is derived from income receivable from the energy generated by solar plants owned during the year, asset management and monitoring fees, being the ongoing costs of managing the solar companies, operational and maintenance fees for maintaining sites and development fees being earned for each new site commissioned. Revenue is recognised as energy is generated or services are provided with appropriate accruals/deferrals depending on the timing of invoicing.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Directors do not deem there to be any significant judgements made in evaluating when a customer obtains control of promised goods or services as the Group will typically control these before they are transferred and will formally document this transfer via written agreement.

Financial Statements

Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

2 Significant accounting policies *(continued)***(c) Revenue from contracts with customers *(continued)***

For both performance obligations that the Group satisfies over time and for performance obligations that the Group satisfies at a point in time, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. The methodology used to determine whether the revenue can be reliably measured involves regular consultation between the Group and local project management to determine the current stage of completion and feasibility of significant client contracts.

The transaction price of revenue recognised represents sales to customers at invoiced amounts and commissions receivable from suppliers, less value added tax. Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest. The transaction price is allocated proportionally to the significant separately identifiable goods and services delivered under each contract.

The Group will review any obligations for returns or similar post-sale adjustments on a contract-by-contract basis and recognise a provision if it is probable that an outflow of cash or other economic resources will be required to settle these obligations.

The Group has taken advantage of the following practical expedients included in IFRS 15:

- The Group will not adjust consideration receivable for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.
- The Group will recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

(d) Leased assets

When the Group enters into a lease, a lease liability and a right-of-use asset is created. When the Group enters into a land lease for the development of a solar project a lease liability shall be recognised at the point when the project produces electricity ("COD"). A lease liability is measured at the present value of the remaining lease payments discounted using the borrowing rate incurred by Group on each class of right-of-use asset. For all other leased assets lease commencement date is used as the point to recognise the lease liability. In determining the lease term, hindsight will be applied in respect of leases which contain an option to terminate the lease. The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in the income statement.

A right-of-use asset shall be recognised at the point when the corresponding lease liability is recognised. The right-of-use asset will be measured at an amount equal to the lease liability. Additionally included within right-of-use assets are decommissioning provisions, which are capitalised into the cost. The right-of-use asset will subsequently be measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for leased property, motor vehicles and office and computer equipment is on a straight-line basis over the shorter of the lease term and the useful life of the asset.

The Group has taken advantage of the practical expedient in IFRS 16 Paragraph 6; where leases are 12 months or less or of low value, payments made are expensed evenly over the period of the lease. In addition, the carrying amount of the right-of-use assets and lease liabilities are remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. The remeasured lease liability (and corresponding right-of-use asset) is calculated using a revised discount rate, based upon a revised incremental borrowing rate at the time of the change.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)



2 Significant accounting policies (*continued*)

(e) Employee benefits

The Group contributes to a defined contribution pension scheme in respect of certain employees, including those established under auto-enrolment legislation. The amount charged in the consolidated statement of comprehensive income represents the employer contributions payable to the scheme in respect of the financial period. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost of all short-term employee benefits is recognised during the period the employee service is rendered. Holiday pay is expensed in the period in which it accrues.

(f) Exceptional items

Exceptional items are significant items of non-recurring income or expenditure that have been separately presented by virtue of their nature to enable a better understanding of the Group's financial performance. Non-recurring exceptional items are presented separately in the consolidated statement of comprehensive income.

(g) Interest

Interest income and expense is recognised using the effective interest rate basis.

(h) Taxation

Current tax is the expected tax payable on the taxable income for the year, together with any adjustments to tax payable in respect of previous years. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits and taxable temporary differences will be available against which the asset can be utilised. Management judgement is used in determining the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The amount of the deferred tax asset or liability is measured on an undiscounted basis and is determined using tax rates that have been enacted or substantively enacted by the date of the consolidated statement of financial position and are expected to apply when the deferred tax assets/liabilities are recovered/settled. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

2 Significant accounting policies (*continued*)

(i) Hedging arrangements

The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The Group applies hedge accounting for transactions entered to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the consolidated statement of comprehensive income.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

(j) Foreign currencies

The presentation currency of the Group is pound sterling, which is also the Company's functional currency.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

On consolidation, the assets and liabilities of foreign operations are translated into pounds sterling at the rate of exchange prevailing at the 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 other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

2 Significant accounting policies (*continued*)

(k) Dividends

Dividends unpaid at the reporting date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Proposed but unpaid dividends that do not meet these criteria are disclosed in the notes to the consolidated financial statements.

(l) Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any impairment in value. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Repairs, maintenance and minor inspection costs are expensed as incurred.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, other than freehold land, over their expected useful lives, at the following rates:

| | |
|----------------------------|---|
| Leasehold and improvements | - 20% to 50% straight line for improvements and over the period of the lease for long-term leasehold property |
| Plant and machinery | - 2.85% and 10% straight line |
| Fixtures & fittings | - 25% straight line |
| Motor vehicles | - 25% straight line |
| Computer equipment | - 33% straight line |

Property, plant and equipment acquired in a business combination is initially recognised at its fair value.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(m) Intangible assets

Goodwill

Goodwill represents the excess of the fair value of the consideration of a business combination over the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired; the fair value of the consideration comprises the fair value of assets given. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset and carried at cost with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Goodwill is deemed to have an indefinite life and impairment tests on goodwill are undertaken annually.

Brands

Brands are stated at fair value where acquired through an acquisition less accumulated amortisation. Brands are amortised on a straight-line basis over their estimated useful lives of 20 years.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***2 Significant accounting policies *(continued)*****(m) Intangible assets *(continued)****Computer software*

Computed software is stated at cost less accumulated amortisation. Where these assets have been acquired through a business combination, the cost is the fair value allocated in the acquisition accounting. Computer software is amortised on a straight-line basis over its estimated useful life of 3 years.

Development costs

Development costs represent the net book value of acquired and internally generated development of solar farm projects that are under construction. If the purchase price is greater than the net book value of the acquired solar projects the excess payment is recognised as Development costs. Development costs are not amortised whilst a project is under construction and is transferred to assets under construction once a project has reached FC and depreciated once a project reaches COD.

(n) Impairment of non-current assets

Impairment tests on goodwill are undertaken annually on 31 December. Customer relationships and other assets are subject to impairment tests whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (being the higher of value in use and fair value less costs to sell), the asset is written down accordingly in the administrative expenses line in the consolidated statement of comprehensive income and, in respect of goodwill impairments, the impairment is never reversed. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (being the lowest Group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to goodwill.

(o) Inventories

Inventories are valued at the lower of cost, being the purchase price, and net realisable value after making due allowance for obsolete and slow-moving items.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity of three months or less, held for meeting short term commitments.

(q) Financial assets and liabilities

The Group's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables, trade and other payables and lease liabilities.

Trade and other receivables are not interest bearing and are stated at their amortised cost as reduced by appropriate allowances for irrecoverable amounts or additional costs required to effect recovery. The Group reviews the amount of credit loss associated with its trade receivables based on forward looking estimates that take into account current and forecast credit conditions. The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customer sectors with different credit risk profiles and current and forecast trading conditions.

Trade and other payables are not interest bearing and are stated at their amortised cost.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

2 Significant accounting policies (*continued*)

(r) Borrowings

Interest bearing bank loans and overdrafts are initially recorded at the value of the amount received, net of attributable transaction costs. Interest bearing borrowings are subsequently stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(t) Accounting standards issued

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective for annual periods beginning on or after 1 January 2022) were issued and adopted in the year as part of the Group's adoption of IFRS.

Refer to Note 4 for information on how the Group adopted IFRS.

(u) Standards in issue but not yet effective

At the date of authorisation of these financial statements there were amendments to standards which were in issue, but which were not yet effective, and which have not been applied. The principal ones were:

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023).

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023)

Amendment to IFRS 16 - Leases on sale and leaseback transaction (effective for annual periods beginning on or after 1 January 2024)

Amendments to IAS 1, Presentation of financial statements on classification of liabilities (effective date deferred until accounting periods starting not earlier than 1 January 2024)

The Directors do not expect the adoption of these amendments to standards to have a material impact on the financial statements.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)

3 Accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The most critical of these accounting judgements and estimates are explained below:

Impairment

In assessing impairment, judgement is required to establish whether there have been any indicators of impairment either internal or external for all amortising and depreciating non-current assets. Once the need for a review of the carrying value of an asset has been determined, valuation requires estimation techniques similar to those used for acquired assets and is therefore subject to similar estimates and judgements.

Capitalisation of development and construction costs

When developing a site for power plant construction estimates are required to establish the point at which the project is sufficiently certain to begin capitalising costs. The decision to capitalise is based upon expectations regarding likelihood of planning consent and estimates of financial viability which, in themselves, are areas of judgement.

Decommissioning provisions

Liabilities for decommissioning costs are recognised when the Company has an obligation to dismantle and remove the Solar PV equipment and restore the land on which it is located. Liabilities may arise upon construction of such facilities, upon acquisition or through a subsequent change in legislation or regulations. The amount recognised is the estimated present value of expenditure determined in accordance with local conditions and requirements. A corresponding tangible item within right-of-use assets equivalent to the provision is also created.

Any changes in the present value of the estimated expenditure are added or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. The unwinding of the discount on the decommissioning provision is included as a finance cost.

The Group determines the value of each solar site at the end of its useful life and where the value of the site exceeds the decommission costs a provision is not recognised. It is managements judgement that it would be more economically beneficial for the landowner the take ownership of the site at this point than to enforce the decommissioning obligation on the Group.

Virtual Purchase Power Agreements (VPPA's)

The Group has entered into virtual purchase power agreements with various off-takers during the current and prior periods. The instrument is used to hedge the Group's exposure to price volatility over the term of the agreement which is typically between 10 and 25 years. VPPA's are accounted for as financial derivatives held at fair value with movements recognised to profit or loss. The Group has elected not to hedge account VPPA contracts. The valuation of VPPA contracts involves complex forward pricing curves which includes assumptions around, pricing and volume over the life of the contracts.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)

4 First-time adoption of IFRS

The financial statements for the year ended 31 December 2022 are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2021, the Group prepared its financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102').

Accordingly, the Group has prepared financial statements that comply with IFRS (as described in the summary of significant accounting policies in Note 2) for the year ended 31 December 2022, the comparative information presented in these financial statements for the year ended 31 December 2021, and an opening IFRS consolidated statement of financial position at 1 January 2021 (the Group's date of transition to IFRS).

In preparing its opening IFRS consolidated statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions applied and related considerations

IFRS 1 allows first-time adopters exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- a) The Group has elected to apply the exemptions in Appendix C of IFRS 1 relating to IFRS 3 Business Combinations for acquisitions of subsidiaries that are considered businesses under IFRS, acquisitions of interests in associates and joint ventures that occurred before 1 January 2021.

Use of this exemption means that the FRS 102 carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under FRS 102 or exclude any previously recognised amounts as a result of IFRS recognition requirements.

IFRS 1 also requires that the FRS 102 carrying amount of goodwill must be used in the opening IFRS consolidated statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS.

IFRS 3 provides a very specific definition of a business combination in comparison to FRS 102. Therefore, certain transactions that would not have been accounted for as business combinations (and would have instead been accounted for as asset acquisitions under IFRS), have been previously accounted for as though they were business combinations under FRS 102. The Group has restated any transactions that it accounted for as business combinations under FRS 102, but which are not business combinations under IFRS. Please see the reconciliation table and accompanying notes for the opening and comparative IFRS consolidated statements of financial position for further information on adjustments in relation to said acquisitions.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

4 First-time adoption of IFRS *(continued)*

Exemptions applied and related considerations *(continued)*

- b) The Group has elected to measure its investments in associate undertakings and joint ventures using the equity method procedures, as described in IAS 28. As noted under point a), the Group has also applied the exemption in Appendix C of IFRS 1 to not apply IFRS 3 retrospectively to the acquisition of said investments.
- c) The Group has taken advantage of the exemption from retrospectively applying IAS 21 The Effects of Changes in Foreign Exchange Rates in relation to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree.
- d) The Group has also taken advantage of the exemption from retrospectively applying IAS 21 in relation to cumulative currency translation differences. Cumulative currency translation differences for all foreign operations are therefore deemed to be zero as at 1 January 2021.
- e) The Group has taken advantage of IFRS 1 paragraphs D9-D9E which provide first-time IFRS adopters with certain exemptions from full retrospective application of IFRS 16 Leases. The Group has therefore assessed all contracts existing at 1 January 2021 (its date of transition) to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2021.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets have been measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2021.

The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

- f) The Group has elected to apply the transitional provisions in paragraphs C5 and C6 of IFRS 15 Revenue from Contracts with Customers. In these paragraphs, references to the 'date of initial application' shall be interpreted as the beginning of the first IFRS reporting period (1 January 2021).

Further, the Group is not required to restate contracts that were completed before the earliest period presented (completed before 1 January 2021). A completed contract is a contract for which the Group has transferred all the goods or services identified in accordance with IFRS 102.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

4 First-time adoption of IFRS *(continued)*

Exemptions applied and related considerations *(continued)*

- g) The Group has not restated its financial statements for borrowing costs capitalised under FRS 102 on qualifying assets prior to the date of transition to IFRS as its borrowing costs policy under FRS 102 was already compliant with the requirements of IAS 23 Borrowing Costs.
- h) The Group has not applied exemptions in Appendix D of IFRS 1 in relation to decommissioning liabilities as the Group holds these decommissioning liabilities as a separate provision rather than including them in the cost of property, plant and equipment.

Estimates

The estimates at 1 January 2021 and at 31 December 2021 are consistent with those made for the same dates in accordance with FRS 102 (after adjustments to reflect any differences in accounting policies detailed as part of this note and in Note 2 of these financial statements).

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

4 First-time adoption of IFRS (continued)

| Group reconciliation of equity as at 1 January 2021 (date of transition to IFRS) | | <i>Restated note 5</i> FRS 102 as at 1 January 2021 | Reclassification & Remeasurements | IFRS as at 1 January 2021 |
|---|--------------|---|--------------------------------------|------------------------------|
| | Notes | £000 | £000 | £000 |
| Non-current assets | | | | |
| Property, plant and equipment | | 934,619 | - | 934,619 |
| Right-of-use assets | C | - | 54,998 | 54,998 |
| Intangible assets | A, B, D | 112,630 | 74,901 | 187,531 |
| Investments | | 7,295 | - | 7,295 |
| Deferred tax assets | F | - | 33,130 | 33,130 |
| Total non-current assets | | 1,054,544 | 163,029 | 1,217,573 |
| Current assets | | | | |
| Inventories | | 191 | - | 191 |
| Trade and other receivables | D, E | 182,451 | (75,457) | 106,994 |
| Deferred tax assets | F | 33,130 | (33,130) | - |
| Cash and cash equivalents | | 188,076 | - | 188,076 |
| Total current assets | | 403,848 | (108,587) | 295,261 |
| Total assets | | 1,458,392 | 54,442 | 1,512,834 |
| Current liabilities | | | | |
| Trade and other payables | | (87,538) | - | (87,538) |
| Borrowings | | (21,714) | - | (21,714) |
| Lease liabilities | C | (31) | (5,392) | (5,423) |
| Current tax liabilities | | (2,578) | - | (2,578) |
| Total current liabilities | | (111,861) | (5,392) | (117,253) |
| Non-current liabilities | | | | |
| Other payables | | (452) | - | (452) |
| Borrowings | | (1,270,237) | - | (1,270,237) |
| Lease liabilities | C | (19) | (49,606) | (49,625) |
| Derivative financial instruments | | (31,673) | - | (31,673) |
| Provisions | | (8,506) | - | (8,506) |
| Total non-current liabilities | | (1,310,887) | (49,606) | (1,360,493) |
| Total liabilities | | (1,422,748) | (54,998) | (1,477,746) |
| Net assets | | 35,644 | (556) | 35,088 |
| Equity | | | | |
| Issued share capital | | 16 | - | 16 |
| Share premium | | 176,108 | - | 176,108 |
| Other reserves | | (34,457) | - | (34,457) |
| Accumulated losses | G | (106,023) | (556) | (106,579) |
| Total equity | | 35,644 | (556) | 35,088 |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (continued)

4 First-time adoption of IFRS (continued)

| Group reconciliation of equity as at 31 December 2021 | | <i>Restated note 5</i> FRS 102 as at 31 December 2021 £000 | Reclassification & Remeasurements £000 | IFRS as at 31 December 2021 £000 |
|--|--------------|---|--|--|
| | Notes | | | |
| Non-current assets | | | | |
| Property, plant and equipment | | 1,668,453 | (17,471) | 1,650,982 |
| Right-of-use assets | C | - | 116,122 | 116,122 |
| Intangible assets | A, B, D | 391,132 | 150,821 | 541,953 |
| Investments | | 9,387 | - | 9,387 |
| Deferred tax assets | F | - | 70,323 | 70,323 |
| Total non-current assets | | 2,068,972 | 319,795 | 2,388,767 |
| Current assets | | | | |
| Inventories | | 229 | - | 229 |
| Trade and other receivables | D, E | 178,251 | (137,799) | 40,452 |
| Deferred tax assets | F | 70,323 | (70,323) | - |
| Cash and cash equivalents | | 305,403 | - | 305,403 |
| Total current assets | | 554,206 | (208,122) | 346,084 |
| Total assets | | 2,623,178 | 111,673 | 2,734,851 |
| Current liabilities | | | | |
| Trade and other payables | | (247,547) | - | (247,547) |
| Borrowings | | (261,693) | - | (261,693) |
| Lease liabilities | C | (18) | (6,890) | (6,908) |
| Current tax liabilities | | (9,937) | - | (9,937) |
| Total current liabilities | | (519,195) | (6,890) | (526,085) |
| Non-current liabilities | | | | |
| Other payables | | (149,609) | - | (149,609) |
| Borrowings | | (1,877,335) | - | (1,877,335) |
| Lease liabilities | C | - | (91,414) | (91,414) |
| Derivative financial instruments | | (171,885) | - | (171,885) |
| Provisions | | (43,635) | - | (43,635) |
| Total non-current liabilities | | (2,242,464) | (91,414) | (2,333,878) |
| Total liabilities | | (2,761,659) | (98,304) | (2,859,963) |
| Net liabilities | | (138,481) | 13,369 | (125,112) |
| Equity | | | | |
| Issued share capital | | 16 | - | 16 |
| Share premium | | 176,108 | - | 176,108 |
| Other reserves | | (23,190) | 748 | (22,442) |
| Accumulated losses | G | (291,415) | 12,621 | (278,794) |
| Total equity | | (138,481) | 13,369 | (125,112) |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

4 First-time adoption of IFRS *(continued)*

| Group reconciliation of total comprehensive income for the year ended 31 December 2021 | | <i>Restated note 5</i> FRS 102 as at 31 December 2021 | Reclassification & Remeasurements | IFRS as at 31 December 2021 |
|---|---------|---|--------------------------------------|--------------------------------|
| | Notes | £000 | £000 | £000 |
| Continuing operations | | | | |
| Revenue | | 117,783 | - | 117,783 |
| Cost of sales | C | (74,747) | (2,110) | (76,857) |
| Gross profit | | 43,036 | (2,110) | 40,926 |
| Administrative expenses | B, C, E | (93,383) | 17,139 | (76,244) |
| Other operating income | | 567 | - | 567 |
| Other operating expenses | | - | - | - |
| Operating loss | | (49,780) | 15,029 | (34,751) |
| Finance expense | C | (201,934) | (1,852) | (203,786) |
| Finance income | | - | - | - |
| Profit on disposal of subsidiaries | | 18,246 | - | 18,246 |
| Share of profit of joint ventures | | 60 | - | 60 |
| Loss before tax from continuing operations | | (233,408) | 13,177 | (220,231) |
| Income tax credit | F | 48,016 | - | 48,016 |
| Loss for the year | | (185,392) | 13,177 | (172,215) |
| Other comprehensive income: | | | | |
| Net gain on cash flow hedges | | 10,191 | - | 10,191 |
| Exchange differences on translation of foreign operations | | 1,076 | 748 | 1,824 |
| Other comprehensive income for the period (net of tax) | | 11,267 | 748 | 12,015 |
| Total comprehensive loss for the period | G | (174,125) | 13,925 | (160,200) |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

4 First-time adoption of IFRS (continued)

| Group reconciliation of cash flows for the year ended 31 December 2021 | | <i>Restated note 5</i> FRS 102 as at 31 December 2021 £000 | Reclassification & Remeasurements £000 | IFRS as at 31 December 2021 £000 |
|---|---------------|---|--|--|
| | Notes | | | |
| Cash flows from operating activities | | | | |
| Loss after taxation | A, B, C, E | (185,392) | 13,177 | (172,215) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | | 27,830 | - | 27,830 |
| Impairment of property, plant and equipment | | 2,047 | - | 2,047 |
| Impairment/reversal of impairment of property, plant and equipment | | (2,374) | - | (2,374) |
| Depreciation of right-of-use assets | C | - | 3,941 | 3,941 |
| Amortisation of intangible assets | A, D | 14,040 | (13,609) | 431 |
| Loss on disposal of property, plant and equipment | | 125 | - | 125 |
| Mark-to-market movement on VPPA's | | 148,263 | - | 148,263 |
| Net interest expenses | C | 53,643 | 1,878 | 55,521 |
| Tax expense | | (48,016) | - | (48,016) |
| Gain on sale of subsidiaries | | (18,246) | - | (18,246) |
| Share of profit of joint ventures | | (60) | - | (60) |
| Working capital adjustments: | | | | |
| Decrease in inventories | | 87 | - | 87 |
| Decrease in trade and other receivables | E | 25,254 | 62,342 | 87,596 |
| Increase in trade and other payables | | 11,476 | 1 | 11,477 |
| Cash generated from operations | C | 28,677 | 67,730 | 96,407 |
| Income tax paid | | (9,196) | - | (9,196) |
| Net cash outflow from operating activities | C | 19,481 | 67,730 | 87,211 |
| Cash flows from investing activities | | | | |
| Payments for property, plant and equipment | | (686,071) | - | (686,071) |
| Proceeds from sale of property, plant and equipment | | 76 | - | 76 |
| Payments for intangible assets | A | (2,769) | (122,847) | (125,616) |
| Payment for acquisition of subsidiaries | A | (60,536) | 60,536 | - |
| Cash acquired through acquisition of subsidiaries | | 847 | - | 847 |
| Net proceeds from disposal of subsidiaries | | 14,821 | - | 14,821 |
| Payment for acquisition of associates | | (2,032) | - | (2,032) |
| Payments for financial derivatives | | (2,138) | - | (2,138) |
| Net cash outflow from investing activities | | (737,802) | (62,311) | (800,113) |

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Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***4 First-time adoption of IFRS (continued)**

| Group reconciliation of cash flows for the year ended 31 December 2021 (continued) | | <i>Restated note 5</i> FRS 102 as at 31 December 2021 | Reclassification & Remeasurements | IFRS as at 31 December 2021 |
|---|--------------|---|--------------------------------------|--------------------------------|
| | Notes | £000 | £000 | £000 |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | | 1,663,881 | - | 1,663,881 |
| Repayment of borrowings | | (793,531) | - | (793,531) |
| Repayment of bank facility arrangement fees | | (11,501) | - | (11,501) |
| Payment of principal portion of lease liabilities | C | - | (3,540) | (3,540) |
| Interest paid on lease liabilities | | - | (1,852) | (1,852) |
| Interest paid | | (18,717) | (27) | (18,744) |
| Repayment of tax equity | | (5,047) | - | (5,047) |
| Net cash inflow from financing activities | C | 835,085 | (5,419) | 829,666 |
| Net increase in cash and cash equivalents | | 116,764 | - | 116,764 |
| Cash and cash equivalents at the beginning of the financial year | | 188,076 | - | 188,076 |
| Effects of exchange rate changes on cash and cash equivalents | | 563 | - | 563 |
| Cash and cash equivalents at end of year | | 305,403 | - | 305,403 |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)*

4 First-time adoption of IFRS *(continued)*

Notes to the reconciliation of equity as at 1 January 2021 and 31 December 2021 and total comprehensive income for the year ended 31 December 2021

A. Change in certain business combinations to asset acquisitions

IFRS 3 provides a very specific definition of a business combination in comparison to FRS 102. Therefore, certain transactions that would not have been accounted for as business combinations (and would have instead been accounted for as asset acquisitions under IFRS), have been previously accounted for as though they were business combinations under FRS 102. The group has restated any transactions that it accounted for as business combinations under FRS 102, but which are not business combinations under IFRS.

In such cases the group has identified and recognised the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in IAS 38 Intangible Assets) and liabilities assumed. The cost of the group of assets acquired has been allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of purchase.

Such asset acquisitions have not given rise to goodwill, therefore previously recognised goodwill with a net book value of £7,473k (31 December 2021: £279,590k) has been reversed on transition to IFRS.

Directly attributable acquisition-related costs have been capitalised as part of the cost of the assets in these asset acquisitions. This has not altered total comprehensive income for the year ended 31 December 2021 compared to that reported under FRS 102 as under FRS 102 all directly attributable acquisition-related costs were capitalised.

Development costs of £7,473k (31 December 2021: £279,590k) have been recognised within Intangible assets as part of the restatement of these transactions to asset acquisitions.

B. Change in goodwill accounting policy

Under FRS 102, after initial recognition goodwill is measured at cost less accumulated amortisation and impairment losses. Under IFRS amortisation of goodwill is not permitted and instead goodwill is subject to an impairment test annually and/or when there is an indicator of impairment.

The carrying amount of goodwill under FRS 102 at transition to IFRS has been brought into the group's statement of financial position. Amortisation for the year ended 31 December 2021 previously recorded under FRS 102 has been reversed, resulting in a reduction of £13,609k within Administrative expenses, including goodwill amortisation adjustments for restated business combinations above under Note A.

At transition to IFRS on 1 January 2021 and at 31 December 2021, the remaining carrying amount of goodwill (after adjustments for restated acquisitions and reversal of 2021 amortisation) was subject to an impairment test. No impairment was recognised at transition.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

4 First-time adoption of IFRS (continued)**C. Recognition of right-of-use assets**

Under FRS 102, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under IFRS, a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At the date of transition to IFRS, the group applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to IFRS.

Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the group recognised of £54,998k of lease liabilities and of right-of-use assets at transition to IFRS.

The difference between lease liabilities and right-of-use assets has been recognised in retained earnings.

Additionally, rent expense decreased by £5,392k included in administrative expenses, depreciation increased by £3,941k (included in administrative expenses and cost of sales) and finance costs increased by £1,852k for the year ended 31 December 2021.

The decommissioning provisions of £17,471k in 2021 relating to leased sites has been reclassified from Property, Plant and Equipment to Right-of-use assets.

D. Reclassification of project costs and development expenditure from Prepayments to Intangible assets

Project costs and development expenditure previously held in Prepayments under Trade and other receivables have been reclassified to Intangible assets under the category of 'Development costs'. These Development costs meet the definition of Intangible assets under IAS 38 Intangible Assets.

The total reclassified at 31 December 2021 is £137,060k (at 1 January 2021: £74,749k).

E. Provision for expected credit losses of trade receivables

The adoption of IFRS has fundamentally changed the group's accounting for impairment losses for financial assets by replacing incurred loss approach under FRS 102 with a forward-looking expected credit loss (ECL) approach.

IFRS requires the group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets. At the date of transition to IFRS, the group recognised additional impairment on its Trade receivables of £30k (31 December 2021: £708k), which resulted in a decrease in retained earnings by the same amount.

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Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

4 First-time adoption of IFRS (continued)**F. Deferred tax temporary differences**

The IFRS transitional adjustments have resulted in various temporary differences. According to the accounting policies in Note 2, the group must recognise the tax effects of such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. No material deferred tax temporary differences have been recognised.

Under IAS 1.56, deferred tax assets and liabilities should never be classified as current. Therefore, the group has reclassified the deferred tax asset at 1 January 2021 (£33,130k) and 31 December 2021 (£70,323k) has been reclassified from current assets to non-current assets. Note 16 of the financial statements discloses further information on how much of the deferred tax balance was expected to be recovered within or beyond 12 months of the year ended 31 December 2021.

G. Reconciliation of retained earnings/(deficit)

The following tables summarise the impact, net of tax, of transition to IFRS on retained earnings/(deficit):

| Group reconciliation of retained earnings/(deficit) | Notes | Impact of adopting IFRS £000 |
|--|--------------|---|
| Balance under FRS 102 at 31 December 2020 | | (106,023) |
| Reversal of 2020 goodwill amortisation on transactions previously accounted for as business combinations under FRS 102 | A | 152 |
| Reversal of 2020 bad debt provision | E | 850 |
| Recognition of impairment of trade receivables under expected credit losses model | E | (1,558) |
| Deferred tax adjustments | F | - |
| Balance under IFRS at 1 January 2021 | | (106,579) |
| Loss for the year ended 31 December 2021 under FRS 102 | | (185,392) |
| Reversal of 2021 goodwill amortisation on transactions previously accounted for as business combinations under FRS 102 | A, B | 7,571 |
| Reversal of remaining 2021 amortisation of goodwill | B | 6,038 |
| Impairment of goodwill at 31 December 2021 | B | - |
| Recognition of 2021 depreciation expense on ROU assets | C | (3,941) |
| Recognition of 2021 finance costs on lease liabilities | C | (1,852) |
| Reclassification of 2021 rent cash outflows against lease liabilities | C | 5,392 |
| Reversal of 2021 bad debt provision | E | (851) |
| Recognition of impairment of trade receivables under expected credit losses model | E | 820 |
| Deferred tax adjustments | F | - |
| Balance under IFRS at 31 December 2021 | | (278,794) |

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Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

5 Correction of prior period errors

- 1) As part of the year end Group audit across the Americas, Europe and APAC regions it was discovered that property, plant, equipment, intangible assets and inventories that had been acquired by balance sheet date had not been correctly accrued for. The error resulted in a material understatement of property, plant and equipment recognised in the both the 2021 and 2020 financial statements, with a corresponding understatement of accruals with in trade and other payables.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

| | 31 December 2021 | Increase / (Decrease) | 31 December 2021 (FRS 102 Restated) | 31 December 2020 | Increase / (Decrease) | 1 January 2021 (FRS 102 Restated) |
|---|------------------|--------------------------|--|---------------------|--------------------------|---|
| Consolidated Statement of Financial Position (extract) | £000 | £000 | £000 | £000 | £000 | £000 |
| Property, plant and equipment | 1,636,907 | 31,546 | 1,668,453 | 934,086 | 533 | 934,619 |
| Intangible assets | 368,396 | 22,736 | 391,132 | 102,055 | 10,575 | 112,630 |
| Inventories | 104 | 125 | 229 | 191 | 0 | 191 |
| Trade and other receivables | 178,246 | 5 | 178,251 | 182,372 | 79 | 182,451 |
| Trade and other payables | (186,869) | (60,678) | (247,547) | (75,392) | (12,146) | (87,538) |
| Borrowings | (1,881,612) | 4,277 | (1,877,335) | (1,270,606) | 369 | (1,270,237) |
| Net assets/(liabilities) | (136,492) | (1,989) | (138,481) | 36,234 | (590) | 35,644 |
| Retained deficit | 289,426 | 1,989 | 291,415 | 105,989 | 590 | 106,023 |
| Total equity | 136,492 | 1,989 | 138,481 | (35,678) | 590 | (35,644) |

| | 31 December 2021 | Profit Increase / (Decrease) | 31 December 2021 (FRS 102 Restated) |
|---|------------------|---------------------------------|--|
| Consolidated Statement of Profit or Loss (Extract) | £000 | £000 | £000 |
| Cost of sales | (73,891) | (856) | (74,747) |
| Administrative expenses | (92,867) | (516) | (93,383) |
| Finance costs | (201,907) | (27) | (201,934) |
| Profit/(loss) before tax | (232,009) | (1,399) | (233,408) |
| Income tax expense/(credit) | 48,016 | 0 | 48,016 |
| Profit/(loss) for the year | (183,993) | (1,399) | (185,392) |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (continued)

5 Correction of prior period errors (continued)

| | 31 December 2021 | Profit (Decrease) | 31 December 2021 (FRS 102 Restated) |
|---|------------------|-------------------|-------------------------------------|
| | £000 | £000 | £000 |
| Consolidated Statement of Comprehensive Income (Extract) | | | |
| Profit for the period | (183,993) | (1,399) | (185,392) |
| Other comprehensive income / (expense) for the period | 11,267 | 0 | 11,267 |
| Total comprehensive income / (expense) for the period | (172,726) | (1,399) | (174,125) |

The impact on cash flow is presented in the table below.

- 2) As part of the Group's implementation of IFRS it developed new models to improve its cash flow reporting capabilities. During the process it was discovered that ITC's were double counted and material loan costs were non-cash in nature in the prior period.

The error has been corrected by restating each of the affected cash flow line items for the prior period as follows:

| | 31 December 2021 | Increase / (Decrease) ¹ | 31 December 2021 (Restated) | Increase / (Decrease) ² | 31 December 2021 (FRS 102 Restated) |
|--|------------------|------------------------------------|-----------------------------|------------------------------------|-------------------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Consolidated Statement of Cash Flow (extract) | | | | | |
| Loss after tax | (183,993) | (1,399) | (185,392) | - | (185,392) |
| Cash generated from operations | | | | | |
| Investment tax credit | (31,879) | - | - | 31,879 | - |
| Decrease in receivables | 25,428 | - | - | (174) | 25,254 |
| Increase in payables | 16,151 | 1,373 | 17,524 | (6,048) | 11,476 |
| Total impact | | 1,373 | | 25,657 | |
| Cash generated from investing activities | | | | | |
| Purchase of property, plant and equipment | (685,278) | - | - | (794) | (686,072) |
| Total impact | | | | (794) | |
| Cash generated from financing activities | | | | | |
| Proceeds from borrowings | 1,693,216 | - | - | (29,335) | 1,663,881 |
| Loan costs | (27,386) | - | - | 15,885 | (11,501) |
| Net interest paid | (7,330) | - | - | (11,387) | (18,717) |
| Total impact | | | | 24,857 | |

1. Impact of prior period error (1) related to accruals
2. Impact of prior period error (2) related to ITC and loan costs

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***6 Revenue**

In the following table, revenue is disaggregated by primary geographical market, major products/service lines and timing of revenue recognition.

| | 2022 | 2021 |
|--|----------------|----------------|
| | £000 | £000 |
| Major products/service lines | | |
| Operational solar plants | 148,415 | 107,104 |
| Operations and maintenance fees | 7,621 | 6,795 |
| Other revenue | 9,937 | 3,884 |
| Total | 165,973 | 117,783 |
| Primary geographical markets | | |
| UK and Ireland | 63,710 | 52,855 |
| Americas | 46,557 | 45,607 |
| Europe | 35,630 | 11,789 |
| Asia-Pacific | 20,076 | 7,532 |
| Total | 165,973 | 117,783 |
| Timing of transfer of goods or services | | |
| Products and services transferred at a point in time | 158,352 | 110,988 |
| Products and services transferred over time | 7,621 | 6,795 |
| Total | 165,973 | 117,783 |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

7 Employees

| | 2022 Number | 2021 Number |
|--|------------------------|------------------------|
| The average number of employees, including Directors, during the year was: | | |
| Asset construction operations | 207 | 171 |
| Corporate | 186 | 119 |
| Development operations | 412 | 244 |
| Operations | 168 | 105 |
| Total number of employees | 973 | 639 |
| Staff costs, including Directors, consist of: | £000 | £000 |
| Wages and salaries | 104,001 | 59,043 |
| Social security costs | 11,945 | 7,213 |
| Other pension costs | 2,593 | 1,482 |
| Total staff costs | 118,539 | 67,738 |

The Group makes contributions to defined contribution personal pension schemes for employees and Directors. The assets of the schemes are separate from those of the Group. Pension contributions totalling £388k (31 December 2021: £240k) were payable to the schemes at the year-end and are included in other payables.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

8 Directors' remuneration

The remuneration of the Company Directors was as follows:

| | 2022 £000 | Restated 2021 £000 |
|-----------------------|--------------|--------------------------|
| Directors' emoluments | 2,898 | 1,645 |
| Pension contributions | 76 | 134 |
| Total | 2,974 | 1,779 |

Please note, we have restated prior period directors' emoluments to reflect directors only, excluding key management personnel.

Included in the above is the remuneration of the highest paid Director as follows:

| | 2022 £000 | 2021 £000 |
|-----------------------|--------------|--------------|
| Director's emoluments | 1,168 | 674 |
| Pension contributions | 29 | 60 |
| Total | 1,197 | 734 |

During the year pension contributions of £76k (2021: £134k) were made in respect of 7 directors (2021: 4).

Some directors are of a non-executive nature and their remuneration is deemed to be wholly attributable to their services to BP. Accordingly, the above details include no remuneration in respect of these directors.

In addition, we note key management emoluments during the period were £1,241k (2021: £687k), with pension contributions of £23k. (2021: £86k).

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Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

9 Operating loss

| | 2022 | 2021 |
|--|-------------|-------------|
| | £000 | £000 |
| This has been arrived at after charging/(crediting): | | |
| Depreciation of property, plant and equipment | 46,306 | 27,830 |
| Depreciation of right-of-use assets | 5,283 | 3,941 |
| Amortisation of intangible assets | 573 | 431 |
| Impairment of goodwill | 1,683 | - |
| Foreign exchange loss/(gain) | 1,468 | (3,273) |
| Reversal of expected credit losses of trade receivables and contract assets | (661) | (820) |
| Profit on disposal of property plant and equipment | - | 125 |
| Fees payable to the Company's auditors for the audit of the parent and consolidated financial statements | 737 | 707 |
| Fees payable to the Company's auditors for other services: | | |
| - Audit of the Company's subsidiaries pursuant to legislation | 76 | 2 |
| - Fees payable for tax compliance and ESG services | 92 | 20 |
| | 737 | 707 |

10 Finance expense

| | 2022 | 2021 |
|--|----------------|----------------|
| | £000 | £000 |
| Interest payable on bank loans | 105,099 | 44,414 |
| Interest expense on leases (note 23) | 2,880 | 1,854 |
| Losses on derivative financial instruments not designated as hedging instruments | 204,407 | 148,264 |
| Amortisation of loan costs | 18,586 | 8,942 |
| Bank charges | 1,704 | 312 |
| Total | 332,676 | 203,786 |

The group entered into virtual purchase power agreements with various off-takers during the year ended 31 December 2022. The instrument is used to hedge the group's exposure to price volatility over the term of the agreement. VPPA's are accounted for as financial derivatives held at fair value with movements recognised to profit or loss. At the balance sheet date, the group recognised £352,671k as a financial derivative liability in relation to VPPA's (31 December 2021: £148,264k), with the mark-to-market movement during the period of £204,407k recognised in profit and loss. (31 December 2021: £148,264k).

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**11 Finance income**

| | 2022 | 2021 |
|--------------------------------------|--------------|-------------|
| | £000 | £000 |
| Interest receivable on bank deposits | 1,704 | - |
| Total | 1,704 | - |

12 Profit on disposal of subsidiaries and solar projects

During 2022 the Group disposed of the assets and liabilities of the following projects: Two Skylark projects: Bryn Henllys and Down Barn Farm on 5 January 2022, Inkersall ready-to-build project on 24 October 2022, five ready-to-build Aria projects: Cowley House, Gonerby, Low Middlefield and Hell Hole, Gammaton and Winburn sold in two stages on 29 November 2022 and 30 December 2022, Barrica on 8 November 2022, Vendimia on 22 December 2022 and Mokoan Solar Farm (23 December 2022) in Australia.

The excess of consideration over the net assets and liabilities disposed of is recognised in loss before tax within the Group's Consolidated statement of comprehensive income and is set out in the table below.

| | Consideration | Profit on disposal |
|--------------|----------------------|---------------------------|
| | £000 | £000 |
| | 404,186 | 169,962 |
| Total | 404,186 | 169,962 |

| | Gain on sale |
|-----------------------|---------------------|
| Asset sales per above | 169,962 |
| Hedge settlement | 25,349 |
| Other* | (703) |
| Total | 194,608 |

*Includes an indemnity claim of £703k

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

13 Income tax credit

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | £000 | £000 |
| <i>UK corporation tax</i> | | |
| Corporation tax on UK loss of the year | (64,607) | (31,879) |
| Adjustments in respect of previous years | (4) | 464 |
| <i>Overseas tax</i> | | |
| Corporation tax on overseas loss of the year | 232 | 13,380 |
| Adjustments in respect of previous years | (1,992) | 4,291 |
| Total current taxation on loss on ordinary activities | (66,371) | (13,744) |
| <i>Deferred tax (note 17)</i> | | |
| Origination and reversal of timing differences | (10,408) | (31,723) |
| Adjustments in respect of previous years | (1,203) | (2,549) |
| Total deferred taxation | (11,611) | (34,271) |
| Total taxation on loss on ordinary activities | (77,982) | (48,016) |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***13 Income tax credit (continued)**

The standard rate of corporation tax in the UK for the year was 19.00% (2021: 19.00%), and therefore the Group's UK subsidiaries are taxed at that rate. The differences between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax are as follows:

| | 2022 | 2021 |
|--|-----------------|-----------------|
| | £000 | £000 |
| Loss before tax | (173,801) | (220,231) |
| Loss at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | (33,022) | (41,844) |
| Effect of: | | |
| Expenses not deductible for tax purposes | 33,017 | 24,528 |
| Net income not taxable | (42,855) | (5,201) |
| Deferred tax not recognised | 37,671 | 17,627 |
| Investment tax credits | (5,496) | (1,460) |
| Equity partner share of tax credits | (64,857) | (31,879) |
| Research and development tax credits | (169) | - |
| Adjustments in respect of previous years | (3,199) | 2,205 |
| Effects of overseas tax rates | 1,314 | (10,292) |
| Effect of changes in tax rates | (386) | (1,700) |
| Total tax credit for the year | (77,982) | (48,016) |

Factors that may affect future tax charge:

The Finance Act 2021 was substantively enacted in May 2021 and has increased the UK corporation tax rate to from 19% to 25% with effect from 1 April 2023. The deferred tax balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse. The UK corporation tax rate is currently 19%. The deferred tax asset as at 31 December 2022 has been calculated taking into account the 25% rate effective from 1 April 2023. The change from 19% to 25% will increase the groups future current tax charge and has increased the deferred tax asset by £386,293 in 2022 (£1,699,778 in 2021).

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Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

14 Property, plant and equipment

| | Land £000 | Leasehold assets £000 | Plant and machinery £000 | Fixtures and fittings £000 | Motor vehicles £000 | Computer equipment £000 | Total £000 |
|---------------------------------|---------------|-----------------------------|--------------------------------|-------------------------------------|---------------------------|-------------------------------|------------------|
| <i>Cost</i> | | | | | | | |
| At 1 January 2021 | 7,709 | 11,367 | 1,020,734 | 1,581 | 1,000 | 1,605 | 1,043,996 |
| Additions | 10,878 | 96 | 607,440 | 128,192 | 12 | 598 | 747,216 |
| Disposals | - | (6,683) | (12,155) | (139) | (200) | (45) | (19,222) |
| Capitalisation of interest | - | - | 6,466 | 3,780 | - | - | 10,246 |
| Foreign exchange differences | (235) | 2 | 207 | (6) | - | 23 | (9) |
| At 31 December 2021 | 18,352 | 4,782 | 1,622,692 | 133,408 | 812 | 2,181 | 1,782,227 |
| Additions | 7,274 | 376 | 1,060,532 | 72,886 | 483 | 1,153 | 1,142,704 |
| Disposals | - | - | (11,113) | (196,678) | (66) | - | (207,857) |
| Capitalisation of interest | - | - | 8,733 | - | - | - | 8,733 |
| Transfer from intangibles | - | - | 19,776 | - | - | - | 19,776 |
| Foreign exchange differences | 841 | 11 | 151,755 | 7,057 | - | 18 | 159,682 |
| At 31 December 2022 | 26,467 | 5,169 | 2,852,375 | 16,673 | 1,229 | 3,352 | 2,905,265 |
| <i>Accumulated Depreciation</i> | | | | | | | |
| At 1 January 2021 | - | 2,956 | 100,169 | 1,099 | 841 | 1,336 | 106,401 |
| Charge for the year | - | 381 | 26,859 | 236 | 104 | 250 | 27,830 |
| Disposals | - | (1,193) | (3,670) | (110) | (190) | (46) | (5,209) |
| Foreign exchange differences | - | (1) | 2 | (5) | 2 | 8 | 6 |
| At 31 December 2021 | - | 2,143 | 123,360 | 1,220 | 757 | 1,548 | 129,028 |
| Charge for the year | - | 161 | 45,301 | 283 | 71 | 490 | 46,306 |
| Disposals | - | - | (9,120) | (25) | (66) | - | (9,211) |
| Foreign exchange differences | - | 2 | 1,414 | (2) | - | 38 | 1,452 |
| At 31 December 2022 | - | 2,306 | 160,955 | 1,476 | 762 | 2,076 | 167,575 |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

14 Property, plant and equipment *(continued)*

| | Land £000 | Leasehold assets £000 | Plant and machinery £000 | Fixtures and fittings £000 | Motor vehicles £000 | Computer equipment £000 | Total £000 |
|----------------------------|---------------|-----------------------------|--------------------------------|-------------------------------------|---------------------------|-------------------------------|------------------|
| <i>Impairment</i> | | | | | | | |
| At 1 January 2021 | - | - | 3,509 | - | - | - | 3,509 |
| Provided in year | - | - | 2,047 | - | - | - | 2,047 |
| Impairment reversal | - | - | (2,374) | - | - | - | (2,374) |
| Disposals | - | - | (965) | - | - | - | (965) |
| | | | | | | | |
| At 31 December 2021 | - | - | 2,217 | - | - | - | 2,217 |
| Provided in year | - | - | 2,654 | - | - | - | 2,654 |
| | | | | | | | |
| At 31 December 2022 | - | - | 4,871 | - | - | - | 4,871 |
| | | | | | | | |
| <i>Net book value</i> | | | | | | | |
| At 31 December 2022 | 26,467 | 2,863 | 2,686,549 | 15,197 | 467 | 1,276 | 2,732,819 |
| | | | | | | | |
| At 31 December 2021 | 18,352 | 2,639 | 1,497,115 | 132,188 | 55 | 633 | 1,650,982 |

Assets under construction of £1,148.6m are included in plant and machinery (2021: £484.3m).

Depreciation charges for the year have been charged through administrative expenses in the statement of comprehensive income.

During the year, impairments were made to plant and machinery of £2.7m (2021: £2.0m).

The group capitalised borrowing costs of £8.7m (2021: £10.2m) to the initial cost of plant and machinery as permitted under IAS 16 and IAS 23.

There were no PPE assets pledged as security for liabilities in both the current and prior years.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

15 Right-of-use assets

| | Solar site land £000 | Office buildings £000 | Motor vehicles £000 | Total £000 |
|--|-------------------------------------|--------------------------------------|------------------------------------|-----------------------|
| <i>Cost</i> | | | | |
| At 1 January 2021 | 47,674 | 6,957 | 368 | 54,999 |
| Additions | 64,978 | 136 | - | 65,114 |
| Disposals | - | - | (15) | (15) |
| At 31 December 2021 | 112,652 | 7,093 | 353 | 120,098 |
| Additions | 1,875 | - | - | 1,875 |
| Disposals | - | - | (130) | (130) |
| Disposals as part of a business combination | (9,480) | - | - | (9,480) |
| At 31 December 2022 | 105,047 | 7,093 | 223 | 112,363 |
| <i>Accumulated depreciation and impairment</i> | | | | |
| At 1 January 2021 | - | - | - | - |
| Charge for the year | 2,110 | 1,660 | 171 | 3,941 |
| Foreign exchange differences | 29 | 21 | - | 50 |
| Disposals | - | - | (15) | (15) |
| At 31 December 2021 | 2,139 | 1,681 | 156 | 3,976 |
| Charge for the year | 3,384 | 1,787 | 112 | 5,283 |
| Foreign exchange differences | (172) | (38) | - | (210) |
| Disposals | (316) | - | (130) | (446) |
| At 31 December 2022 | 5,035 | 3,430 | 138 | 8,603 |
| <i>Net book value</i> | | | | |
| At 31 December 2022 | 100,012 | 3,663 | 85 | 103,760 |
| At 31 December 2021 | 110,513 | 5,412 | 197 | 116,122 |

The Group enters into long-term land leases as part of its solar activities once a site has reached commercial operation. Leases terms are generally negotiated to be of a similar duration as the useful lives of the assets which are constructed on the site. The expected costs to decommission land at the end of a solar projects useful lives are capitalised into the cost of right-of-use assets.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**16 Intangible assets**

| | Goodwill £000 | Brands £000 | Computer software £000 | Development costs £000 | Total £000 |
|--|--------------------------|------------------------|---------------------------------------|---------------------------------------|-----------------------|
| <i>Cost</i> | | | | | |
| At 1 January 2021 | 93,296 | 994 | 2,232 | 91,905 | 188,427 |
| Additions | - | 565 | 2,206 | 354,064 | 356,835 |
| Disposals | (2,022) | - | - | - | (2,022) |
| Foreign exchange differences | - | 42 | - | - | 42 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 | 91,274 | 1,601 | 4,438 | 445,969 | 543,282 |
| Additions | - | - | - | 68,417 | 68,417 |
| Disposals | (21,037) | (43) | (843) | (23,029) | (44,952) |
| Transfer to plant & machinery | - | - | - | (19,777) | (19,777) |
| Foreign exchange differences | - | 127 | - | 9,595 | 9,722 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2022 | 70,237 | 1,685 | 3,595 | 481,175 | 556,692 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Accumulated Amortisation and Impairment</i> | | | | | |
| At 1 January 2021 | - | 170 | 726 | - | 896 |
| Amortisation in the year | - | 65 | 366 | - | 431 |
| Foreign exchange differences | - | 2 | - | - | 2 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 | - | 237 | 1,092 | - | 1,329 |
| Amortisation in the year | - | 31 | 542 | - | 573 |
| Disposals | - | - | (8) | - | (8) |
| Impairment | 1,683 | - | - | 6,000 | 7,683 |
| Foreign exchange differences | - | 36 | - | - | 36 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2022 | 1,683 | 304 | 1,626 | 6,000 | 9,613 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | | | |
| At 31 December 2022 | 68,554 | 1,381 | 1,969 | 475,175 | 547,079 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 | 91,274 | 1,364 | 3,346 | 445,969 | 541,953 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Amortisation charges for the year have been charged through administrative expenses in the statement of comprehensive income. Included within the amortisation charge for the year is £573k (2021: £431k) relating to amortisation from non-acquired intangible assets. Capitalised development costs are acquired and an internally generated asset and consist of project costs.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (continued)

16 Intangible assets (continued)

Goodwill

The carrying value of goodwill is allocated to the cash generating units as follows:

| | 2022 | 2021 |
|--------------|---------------|---------------|
| | £000 | £000 |
| Kingpin | 48,598 | 48,598 |
| Lionking | 19,309 | 19,309 |
| Ubiworx | - | 1,683 |
| Iberia | 9 | 9 |
| Vendimia | - | 21,037 |
| Pressock | 638 | 638 |
| Total | 68,554 | 91,274 |

For the purposes of the impairment review of goodwill, the net present value of the projected future cash flows of the relevant cash generating unit are compared with the carrying value of the assets for that unit; where the recoverable amount of the cash generating unit is less than the carrying amount of the assets, an impairment loss is recognised.

Projected cash flows are based on projections of future annual production, merchant and PPA pricing, capital and operating expenditures, capacity and asset lives. The cash flows were estimated over the remaining useful economic lives of the projects to which the cash generating units relate, discounted using a pre-tax rate of 8.57% in the UK.

Key assumptions used to calculate the cash flows used in the impairment testing include non-contractual pricing using an applicable price curve, generation which is based on technical data, operating expenses, discount rate and inflation.

The Group's impairment assessment at 31 December 2022 indicates that an impairment is required relating to Ubiworx goodwill. No impairment is required relating to any of our other cash generating units.

The discount rate is based on conventional capital asset pricing model inputs and varies to reflect the relative risk profiles of the relevant cash generating units. Sensitivity analysis using reasonable variations in the assumptions shows that there continues to be sufficient headroom between the DCF of future cashflows and the Net Asset Values of our operating portfolios. We continue to monitor the discount rate for each of our regions on a regular basis to ensure the key assumptions continue to reflect market conditions.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

17 Investments

| | Investment in associated undertakings £000 | Investment in joint venture £000 | Total £000 |
|----------------------------|---|--|---------------|
| <i>Cost</i> | | | |
| At 1 January 2021 | 5 | 7,290 | 7,295 |
| Additions | - | 2,032 | 2,032 |
| Disposals | - | - | - |
| Share of profit | - | 60 | 60 |
| | | | |
| At 31 December 2021 | 5 | 9,382 | 9,387 |
| Additions | - | 2,165 | 2,165 |
| Disposals | - | - | - |
| Share of profit | - | 542 | 542 |
| | | | |
| At 31 December 2022 | 5 | 12,089 | 12,094 |
| | | | |
| <i>Net book value</i> | | | |
| At 31 December 2022 | 5 | 12,089 | 12,094 |
| | | | |
| At 31 December 2021 | 5 | 9,382 | 9,387 |

Additions in prior year relate to an increase in investments in India holdings.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

18 Deferred tax assets

| | £000 |
|---|-----------------|
| At 1 January 2021 | (33,129) |
| Deferred tax credit to profit and loss for the period | (34,271) |
| Deferred tax credit to other comprehensive income | (2,923) |
| At 31 December 2021 | (70,323) |
| Deferred tax credit to profit and loss for the period | (11,611) |
| Deferred tax charge to other comprehensive income | 35,738 |
| At 31 December 2022 | (46,196) |

The deferred tax asset balance at 31 December 2022 has been calculated on the basis that the associated assets and liabilities will unwind at 25% (2021: 25%).

| | 2022 | 2021 |
|--------------------------------|-----------------|-----------------|
| | £000 | £000 |
| Accelerated capital allowances | (50,575) | (52,618) |
| Losses | (7,686) | (2,716) |
| Short-term timing differences | (17,342) | (8,660) |
| Derivative contracts | 29,407 | (6,329) |
| Net asset | (46,196) | (70,323) |

Deferred tax assets not recognised (gross) are as follows:

| | 2022 | 2021 |
|---|------------------|-----------------|
| | £000 | £000 |
| Accelerated capital allowances related to property, plant and equipment | (1) | (1,754) |
| Losses | (126,365) | (35,243) |
| Short-term timing differences | (123,081) | (47,277) |
| Pre-trading expenditure | (2,762) | (6,014) |
| Total | (252,209) | (90,288) |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

19 Inventories

| | 2022 | 2021 |
|--|-------------|-------------|
| | £000 | £000 |
| Finished goods (at lower of cost and net realisable value) | 891 | 229 |

Cost of inventories recognised as an expense during the year was £nil. (31 December 2021: £nil). Provisions of £nil were made against finished goods (31 December 2021: £nil). This is recognised in administrative expenses in the statement of comprehensive income.

20 Trade and other receivables

| | 2022 | 2021 |
|------------------------------------|----------------|---------------|
| | £000 | £000 |
| Trade receivables | 5,966 | 4,313 |
| Amounts owed by related parties | - | 1,280 |
| Other receivables | 17,248 | 5,001 |
| Other taxation and social security | 22,867 | 9,559 |
| Prepayments and accrued income | 107,183 | 20,299 |
| Total | 153,264 | 40,452 |

All amounts shown above fall due for payment within one year.

Of amounts owed by related parties, £nil (year ended 31 December 2021: £1,280k) represents loan notes issued by Lightsource Pumpkin 2 Limited, which attract interest at 7 percent.

In adopting IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables and accrued income based on forward looking estimates that take into account current and forecast credit conditions as opposed to relying on past historical default rates. In adopting IFRS 9, the Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses, after taking into account customer sectors with different credit risk profiles, and current and forecast trading conditions.

Movements in contract assets and liabilities were as follows:

- Accrued income: Relates to host and feed in tariff income, for which trading activity has increased
- Prepayments: Greater number of projects reaching the construction for which are often prepaid costs
- Deferred income: Received a greater number of milestone payments due to development service agreement revenue, which specifically only recognises revenue when a project reaches financial close

The corresponding adjustments for these movements represent revenues and costs recognised in the income statement in the year, driven by an increase in the number fully operational sites and associated level of advance billings, combined with an increase in accrued revenue accruals due to the timings of project milestone delivery associated with development service agreement fees.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

21 Trade and other payables

| | 2022 | 2021 |
|---|----------------|----------------|
| | £000 | £000 |
| <i>Current trade and other payables</i> | | |
| Trade payables | 34,980 | 16,462 |
| Other payables | 110,360 | 73,786 |
| Accruals | 188,491 | 133,031 |
| Deferred Income | 28,523 | 24,268 |
| Total | 362,354 | 247,547 |
| | | |
| | 2022 | 2021 |
| | £000 | £000 |
| <i>Non-current other payables</i> | | |
| Other payables | 112,535 | 149,609 |
| Total | 112,535 | 149,609 |

During the year, total deferred income recognised in relation to revenue contracts was £7,415k (31 December 2021: £24,426k), with a further amount of £(3,160k) in respect of prior period deferred income recognised as income during 2022. (31 December 2021: £(2,011k)). Such deferred income is in respect of asset management fees which are billed quarterly in advance, as well as milestone payments with respect to development fees.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**22 Borrowings**

| | 2022 | 2021 |
|--|------------------|------------------|
| | £000 | £000 |
| <i>Borrowings included under current liabilities</i> | | |
| Bank loans and overdrafts | 41,756 | 261,693 |
| Total | 41,756 | 261,693 |
| | | |
| | 2022 | 2021 |
| | £000 | £000 |
| <i>Non-current borrowings</i> | | |
| Bank loans and overdrafts | 2,965,915 | 1,620,174 |
| Tax equity contributions | 324,980 | 257,161 |
| Total | 3,290,895 | 1,877,335 |

Bank loans and tax equity contributions in the above table are shown net of capitalised loan costs £63,633k (31 December 2021: £58,116k) and capitalised tax equity costs £9,769k (31 December 2021: £6,558k) which are amortised over the life of the loan. Capitalised loan costs amortisation charged in the year was £16,474k (year ended 31 December 2021: £7,982k) and capitalised tax equity costs amortisation in the year was £2,068k (31 December 2021: £845k). The Directors consider that there are no material differences between the book value and fair value of the loans and tax equity contributions.

Transactions during the current and prior years*XENIUM 1*

On 20 February 2020, the group entered into a \$200m multi-currency revolving credit facility to provide financing for the group's equity contributions into various global projects. This facility was fully repaid on 14 September 2021.

XENIUM 2

The group has a £795m multi-currency revolving credit facility to provide financing for the group's equity contributions into various global projects with a maturity date of 31 May 2025. Amounts drawn on the facility incurs semi-annual interest at the relevant benchmark rate plus a margin. This facility has no financial covenants. As of 31 December 2022, the amount drawn on the facility was £478.1m (2021: £259.6m).

TITAN

On 14 September 2021, the group entered into a \$1,800m (£1,492.8m) multi-currency revolving credit facility to provide financing for the group's equity contributions into various global projects with a maturity date of 13 September 2024. This facility has no financial covenants, and a guarantee is provided by bp over \$900m of the facility. Amounts drawn on the facility incurs semi-annual interest at the relevant benchmark rate plus a margin. As of 31 December 2022, the amount drawn on the facility was USD1,551.7m (£1,199.9m) (2021: USD706.9m (£524.1m)).

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

22 Borrowings (*continued*)

LIONKING

Between 2015 and 2020, committed facilities of £199.7m were available to finance the construction of solar assets. These commitments mature in September 2024 and advances under these facilities currently bear an interest rate per annum based on SONIA plus a margin. As of 31 December 2022, the amount drawn on the facility was £122.3m (2021: £127.5m), of which £5.2m was repaid during the year.

KINGPIN

This facility is comprised of a two-level index linked bond with an additional mezzanine facility totalling £284.4m and matures in August 2037. Interest is charged at a fixed rate of interest plus inflation. As of 31 December 2022, the amount drawn on the facility was £228.8m (2021: £215.7m), of which £16.1m was repaid during the year and the loan value increased by £29.2m due to indexation.

AUSTIN*

In May 2019, the group entered into a 5-year, £150m facility to finance the group's equity contributions into newly developed solar projects. This facility was fully repaid by 16 May 2022.

GLADE*

In September 2019, the group entered into a USD50.0m (£41.4m) facility to finance the construction of solar assets in the US with a maturity date of December 2023. Amounts drawn on the facility incurs semi-annual interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD40.1m (£33.3m) (2021: USD41.2m (£30.5m)).

WELLINGTON*

In October 2019, the group entered into a 5-year AUD224.2m (£126.3m) facility to finance the construction of solar assets in Australia with a maturity date of November 2024. Amounts drawn on the facility incurs monthly interest at the relevant benchmark rate plus a margin. As of 31 December 2022, the amount drawn on the facility was AUD193.1m (£108.8m) (2021: AUD182.0m (£97.9m)), of which AUD5.0m (£2.8m) was repaid and a further AUD16.2m (£9.2m) was drawn during the year.

IMPACT*

In March 2021, the group entered into a USD143.0m (£118.6m) facility to finance the construction of solar assets in the US with a maturity date of December 2025. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD74.4m (£61.7m) (2021: USD75.4m (£55.9m)).

VENDIMIA*

In December 2019, the group entered into EUR256.1m (£226.8m) facility to finance the construction of solar assets in Spain. This facility was fully repaid on 22 December 2022.

BEACON*

In December 2019, the group entered into a 3-year USD141.7m (£117.6m) facility to finance the purchase of equipment to be used on US projects. The facility was due to expire on 31 December 2022 but was extended to 31 December 2023. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD38.5m (£31.9m) (2021: USD45.5m (£33.7m)).

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***22 Borrowings (continued)****BEACON 2***

In December 2020, the group entered into a 3-year USD188.2m (£156.1m) facility to finance the purchase of equipment to be used on US projects with a maturity date of 31 December 2023. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD83.1m (£68.9m) (2021: USD93.4m (£69.2m)).

BEACON 3*

In December 2022, the group entered into a 3-year USD130.0m (£107.8m) facility to finance the construction of solar assets in the US with a maturity date of December 2025. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD82.8m (£68.7m) (2021: USD nil (£nil)).

ELKHILL 2

On 11 August 2020, the group entered into a bridging loan facility of USD13.5m (£11.2m) to finance the construction of solar assets in the US with a maturity date of July 2023. Amounts drawn on the facility incurs semi-annual interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD8.8m (£7.3m) (2021: USD8.8m (£6.5m)).

BIGHORN

In September 2020, the group entered into a 6-year USD117.8m (£97.7m) facility to finance the construction of solar assets within the US with a maturity date of October 2026. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD73.9m (£61.3m) (2021: USD76.8m (£56.9m)).

MAVERICK

In December 2020, the group entered into a 6-year USD122.9m (£101.9m) facility to finance the construction of solar assets within the US with a maturity date of November 2026. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD76.0m (£63.0m) (2021: USD76.4m (£56.6m)).

NEWELL

In June 2021, the group entered into a 5-year AUD293m (£165.0m) facility to finance the construction of solar assets within Australia with a maturity date of May 2026. Amounts drawn on the facility incurs monthly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the facility was fully drawn (2021: AUD164.7m (£106.0m)).

COTTONTAIL

In December 2021, the group entered into a USD79.4m (£65.8m) facility to finance the construction of solar assets within the US with a maturity date of December 2027. Amounts drawn on the facility incurs monthly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD41.2m (£34.7m) (2021: USD nil (£nil)).

CRAWFISH

In December 2021, the group entered into a USD533.3m (£442.2m) facility to finance the construction of solar assets within the US with a maturity date of November 2028. Amounts drawn on the facility incurs monthly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was drawn to USD151.9m (£125.9m) (2021: USD nil (£nil)).

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)

22 Borrowings (*continued*)

BLACK BEAR

In December 2021, the group entered into a USD85.6m (£81.7m) facility to finance the construction of solar assets within the US with a maturity date of August 2027. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD75.4m (£62.5m) (2021: USD nil (£nil)).

KELLY

In December 2022, the group entered into a AUD540.4m (£304.4m) facility to finance the construction of solar assets in Australia with a maturity date of December 2025. Amounts drawn on the facility incurs monthly interest at the relevant benchmark rate plus a margin. As of 31 December 2022, the amount drawn on the facility was AUD14.9m (£8.4m) (2021: AUD nil (£nil)).

BASS

In December 2021, the group entered into a USD379.7m (£314.9m) facility to finance the construction of solar assets within the US with a maturity date of November 2027. Amounts drawn on the facility incurs quarterly interest at the relevant benchmark rate plus a margin. As at 31 December 2022, the amount drawn on the facility was USD179.5m (£148.8m) (2021: USD nil (£nil)), of which USD96.3m (£80.4m) was repaid during the year.

MILAGRES

In April 2022, the group entered into a 1-year BRL27.6m (£4.5m) facility with a further 5-year BRL114.4m (£17.9m) facility throughout 2022 to finance the construction of solar assets in Brazil. As of 31 December 2022, the amount drawn on the facility was BRL13.1m (£2.0m) (2021: BRL nil (£nil)).

INVESTEC DEVEX FACILITY

The group entered into a EUR33.0m (£29.2m) facility to finance the construction of solar assets in Spain. This facility was fully repaid on 10 March 2022.

Security

Bank facilities are secured against the assets of the entities within the group that entered into those debt arrangements.

* These facilities have been supported by a Parent Company Guarantee from Lightsource bp Renewable Energy Investments Limited

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

23 Lease liabilities

| | 2022 £000 | 2021 £000 |
|---|----------------|----------------|
| Maturity analysis – contractual undiscounted cash flows | | |
| In one year or less | 6,331 | 6,890 |
| Between one and five years | 26,195 | 25,313 |
| In five years or more | 102,770 | 132,731 |
| Total undiscounted lease liabilities at 31 December | 135,296 | 164,934 |
| Lease liabilities included within current liabilities | 6,331 | 6,908 |
| Non-current lease liabilities | 88,240 | 91,414 |
| Lease liabilities included in the statement of financial position | 94,571 | 98,322 |
| Amounts recognised in the comprehensive income statement | | |
| Interest expense on lease liabilities | 2,880 | 1,854 |
| Depreciation expense on right-of-use assets | 5,283 | 3,941 |
| Expenses relating to short term leases | - | - |
| Net amount recognised in the comprehensive income statement | 8,163 | 5,795 |
| Amounts recognised in the statement of cash flows | | |
| Payment of principal portion of lease liabilities | 4,011 | 3,540 |
| Interest paid on lease liabilities | 2,879 | 1,852 |
| Total cash outflow recognised under cash flows from financing activities | 6,890 | 5,392 |

During the years ended 31 December 2022 and 31 December 2021 there were no variable lease payments to be included in the measurement of lease liabilities and there were no sale and leaseback transactions.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

24 Provisions

| | Decommissioning provisions £000 | Other provisions £000 | Total £000 |
|---|---------------------------------------|-----------------------------|---------------|
| At 31 December 2021 | 37,265 | 6,370 | 43,635 |
| Utilised in the year | - | (2,436) | (2,436) |
| Increase in provision (recognised in the consolidated statement of comprehensive income) | 1,000 | 4,946 | 5,946 |
| Reversal of unutilised provision (recognised in the consolidated statement of comprehensive income) | (107) | - | (107) |
| FX Impacts | 183 | (289) | (106) |
| At 31 December 2022 | 38,341 | 8,591 | 46,932 |

At balance sheet date the Group recognised decommissioning provisions for the Wellington and Woolooga sites in Australia, Glade in the US and Kingpin and Lionking in the UK.

The principal movements in other provisions relate to the release of repair and maintenance provisions on our Impact site in the US following a major transformer damage in 2021 that have been settled. The main addition during the year was attributable to a settlement agreement relating to reactive power revenue in the US.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**25 Financial instruments**

The group's financial assets and liabilities mainly comprise of trade and other receivables, trade and other payables, derivative financial instruments, bank loans and overdrafts, cash and cash equivalents. The accounting classification of each category of financial instruments and their carrying amounts are set out below:

| | Financial assets measured at amortised cost | |
|--|---|------------------|
| | 2022 | 2021 |
| | £000 | £000 |
| Current financial assets | | |
| Trade receivables | 5,966 | 4,313 |
| Other receivables | 17,248 | 5,001 |
| Accrued income | 29,234 | 8,679 |
| Cash and cash equivalents | 462,881 | 305,403 |
| Total | 515,329 | 323,396 |
| | | |
| | Financial liabilities measured at amortised cost | |
| | 2022 | 2021 |
| | £000 | £000 |
| Non-current financial liabilities | | |
| Other payables | 112,535 | 149,609 |
| Borrowings | 3,290,895 | 1,877,335 |
| Lease liabilities (note 23) | 88,240 | 91,414 |
| Total | 3,491,670 | 2,118,358 |
| | | |
| Current financial liabilities | | |
| Trade payables | 34,980 | 16,462 |
| Other payables | 110,360 | 73,786 |
| Accruals | 188,491 | 133,031 |
| Borrowings | 41,756 | 261,693 |
| Lease liabilities (note 23) | 6,331 | 6,908 |
| Total | 381,918 | 491,880 |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (continued)

25 Financial instruments (continued)

| | Financial assets measured at fair value | |
|---|--|-------------|
| | 2022 | 2021 |
| | £000 | £000 |
| Non-current financial assets | | |
| Derivative financial instruments – Interest Rate Swaps | 141,842 | - |
| Derivative financial instruments – Forward FX contracts | 3,355 | - |
| Total | 145,197 | - |

| | Financial liabilities measured at fair value | |
|--|---|----------------|
| | 2022 | 2021 |
| | £000 | £000 |
| Non-current financial liabilities | | |
| Derivative financial instruments – Interest Rate Swaps | - | 5,521 |
| Derivative financial Instruments – RPI Swaps | 35,759 | 18,100 |
| Derivative financial Instruments – Virtual Purchase Power Agreements | 352,671 | 148,264 |
| Total | 388,430 | 171,885 |

Hedging activities and derivatives

The group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk, RPI risk, foreign exchange risk and power price volatility risk.

The group uses foreign currency forwards, interest rate swaps and inflation swaps for the purpose of hedging its foreign currency and interest rate risks. The group may designate certain financial instruments as cash flow hedges in accordance with IFRS 9.

Interest rate risk

Interest rate swap contracts, exchanging floating interest for fixed interest, are used to manage the group's exposure to interest rate movements on the group's construction and operational financial facilities (see Note 22) which have been designated as cash flow hedges of floating rate borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments affect profit or loss.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The main source of hedge ineffectiveness is the effect of the counterparty and the group's own credit risk on the fair value of the hedging instrument and settlement timing mismatches between the hedging instrument and the hedged item. No other sources of ineffectiveness emerged from these hedging relationships. No other material sources of ineffectiveness emerged from these hedging relationships.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

25 Financial instruments (continued)**RPI risk**

The group has a number of revenue contracts which are linked to inflation (RPI). The RPI component of aggregated revenue streams is designated as the hedged item on the basis that the risk component on these revenue contracts are separately identifiable and are contractually stated. The group has entered several RPI swaps in order to hedge the RPI risk arising from revenue streams and designated as hedging instruments.

The main source of hedge ineffectiveness is the mismatch in timing of cashflows between hedged item and hedging instrument. The ineffectiveness is assessed using hypothetical derivative method at each reporting date. Any hedge ineffectiveness is recognised immediately in the income statement in the period that it occurs.

Foreign exchange risk

The group aims to hedge all its forecasted major capital expenditure, which typically extend for up to 12 months. Where practicable, these are hedged using forward foreign exchange contracts. The critical terms of the hedging instrument and their corresponding hedged items are materially the same and a qualitative assessment of effectiveness is performed.

The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the group's own credit risk on the fair value of the foreign exchange forward contracts, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

In managing each of the risks detailed above, the hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the group's existing hedge relationships the hedge ratio has been determined as 1:1. Designated hedges are expected to be effective and therefore the impact of ineffectiveness on profit is not expected to be material.

The gain or loss recognised in other comprehensive income is reclassified to profit or loss when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised, or the hedging instrument is terminated.

The impacts of the hedging instrument, is outlined in the below tables:

| 2022 | Foreign currency | Nominal amount Local currency | Carrying value £000 |
|--|---------------------|--|------------------------|
| Cash flow hedges - foreign currency, interest rate and RPI risk | | | |
| FX forwards | EUR | 60,751 | 3,373 |
| | USD | 150,615 | (18) |
| | AUD | 721,023 | 44,903 |
| Interest rate swaps | EUR | - | - |
| | GBP | 130,912 | 16,761 |
| | USD | 603,637 | 80,178 |
| Inflation swap | GBP | 3,658 | (35,759) |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

25 Financial instruments (*continued*)

| 2021 | Foreign currency | Nominal amount Local currency | Carrying value £000 |
|--|---------------------|--|------------------------|
| Cash flow hedges - foreign currency, interest rate and RPI risk | | | |
| FX forwards | EUR | - | - |
| | USD | - | - |
| | AUD | 220,831 | (4,467) |
| Interest rate swaps | EUR | 81,040 | (773) |
| | GBP | 130,912 | (7,210) |
| | USD | 377,867 | 6,929 |
| Inflation swap | GBP | 3,677 | (18,100) |

The impacts of hedging on equity is summarised in the below table:

| | Hedging reserve £000 |
|-------------------------------------|----------------------------|
| As at 1 January 2021 | 31,678 |
| Fair value gain or loss through OCI | (13,634) |
| As at 31 December 2021 | 18,044 |
| Fair value gain or loss through OCI | (104,523) |
| As at 31 December 2022 | (86,479) |

Derivatives designated as hedging instruments

Interest Rate Swaps

The group has entered interest rate swaps to receive interest at LIBOR and pay interest at a fixed average of 1.78%. The swaps are based on a notional amount of £1,037,664k and mature between 2034 and 2039.

The instruments are used to hedge the group's exposure to interest rate movements on the group's construction and operational financing facilities.

Cash flows on both the loan and the interest rate swaps are paid semi-annually until 2039. The first cashflow was paid in August 2016.

RPI Swaps

The group has entered an inflation swap to receive a fixed inflation rate and pay a floating amount based on the RPI. The swap is based on a notional amount of £3,658k and matures in 2036.

The instrument is used to hedge the group's exposure to RPI movements on the Senior Loan Facility.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

25 Financial instruments (continued)*FX Forwards*

The group has entered into FX forwards during the period, with all FX forwards maturing in 2023. The notional amount of the forwards is £178,701.

The instrument is used to hedge the group's exposure to movements in foreign currency due to its global operations.

Derivatives not designated as hedging instruments*Virtual Purchase Power Agreements (VPPA's)*

The group has entered into virtual purchase power agreements ("VPPAs") with various off-takers during the year to hedge the group's exposure to price volatility over the term of the agreement. VPPAs are accounted for as financial derivatives held at fair value with movements recognised to profit or loss. The group has elected not to hedge account VPPA contracts and at the Balance sheet date, the group recognised £352.7m (31 December 2021: £148.3m) as a financial derivative liability.

Financial instruments risk management objectives and policies

The main risks arising from the group's operations are credit risk, foreign currency risk and interest rate risk, however other risks are also considered below.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group and arises on cash and cash equivalents and favourable derivative financial instruments held with banks and financial institutions as well as credit exposures to customers relating to outstanding receivables. The group held the following foreign currency denominated financial assets and financial liabilities.

| | Assets | | Liabilities | |
|--------------------|----------------|----------------|--------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | £000 | £000 | £000 | £000 |
| US Dollars | 90,731 | 95,121 | 1,191,221 | 480,949 |
| Euros | 130,068 | 48,279 | 119,422 | 241,139 |
| Australian Dollars | 108,664 | 24,186 | 414,889 | 224,871 |
| Singapore Dollars | 803 | - | 258 | - |
| Brazilian Real | 3,915 | 8,776 | 31,334 | (473) |
| Total | 334,181 | 176,362 | 1,757,124 | 946,486 |

The maximum credit risk for each of the above is the carrying value stated above.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers as deemed necessary based on the nature and size of the project.

At the reporting date, the largest exposure was represented by the carrying value of trade and other receivables, against which £364k is provided at year end (31 December 2021: £1,026k). The provision represents an estimate of potential bad debt in respect of the year-end trade receivables, a review having been undertaken of each such year-end receivable.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***25 Financial instruments (continued)**

The movement on the provision for trade receivables is as follows:

| | 2022 £000 | 2021 £000 |
|---------------------------------|--------------|--------------|
| Provision at start of year | 1,025 | 1,559 |
| Provision created | 85 | 490 |
| Provision reversed | (746) | (1,024) |
| Provision at end of year | 364 | 1,025 |

A debt is considered to be bad when it is deemed irrecoverable, for example when the debtor goes into liquidation, or when a credit or partial credit is issued to the customer for goodwill or commercial reasons.

The group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account different customer credit risk profiles and current and forecast trading conditions. The group has no significant concentration of credit risk, with exposure spread over a large number of customers. The risk on these customers is rated as very low, with each being supported by significant cash reserves and all invoices issued being on immediate payment terms.

The group's provision matrix is as follows:

| | Current | < 30 days | 31–60 days | > 60 days | Total |
|-----------------------------------|---------|-----------|------------|-----------|--------------|
| 31 December 2022 | | | | | |
| Expected credit loss % range | 3.2% | 8.8% | 20.2% | 82.8% | 5.8% |
| Gross debtors (£'000) | 5,016 | 1,149 | 44 | 111 | 6,320 |
| Expected credit loss rate (£'000) | (161) | (102) | (9) | (92) | (364) |
| | | | | | 5,956 |
| | | | | | |
| | Current | < 30 days | 31–60 days | > 60 days | Total |
| 31 December 2021 | | | | | |
| Expected credit loss % range | 9.4% | 20.9% | 39.5% | 99.7% | 15.6% |
| Gross debtors (£'000) | 3,504 | 2,858 | 40 | 82 | 6,484 |
| Expected credit loss rate (£'000) | (330) | (598) | (16) | (82) | (1,026) |
| | | | | | 5,458 |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)

25 Financial instruments (*continued*)

The probability of default is determined at the year-end based on the aging of the receivables and historical data about default rates on the same basis. That data is adjusted if the group determines that historical data is not reflective of expected future conditions due to changes in the nature of its customers and how they are affected by external factors such as economic and market conditions.

Foreign currency risk

Translational - Lightsource bp is a leading global solar developer and partner of bp. Fluctuations in foreign currency exchange rates can have a significant effect on the group's reported results from the translation of overseas operations and future capital expenditure commitments. The effects of this is absorbed in business operating results. The group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

Transactional - The group aims to hedge all its forecasted major capital expenditure, which typically extend for up to 12 months. Where practicable, these are hedged using forward foreign exchange contracts.

Interest rate risk

The group is exposed to fluctuations in interest rates on its borrowings and applies hedge accounting for transactions entered to manage the cash flow exposures of borrowings. The group reduces that exposure using interest rate and RPI swaps that fix the payments on those borrowings. These instruments are designated as cash flow hedges of floating rate borrowings.

Market risk

The group is exposed to market risks relating to foreign currency, interest rates, credit risk and liquidity risk through its ongoing business operations; each of which is discussed below.

RPI risk

The group is exposed to inflation risk linked to revenue streams. The group's risk management strategy and objective is to use inflation swaps to manage the underlying inflation risk component of revenue streams where this is appropriate.

The group has entered an inflation swap to receive a fixed inflation rate and pay a floating amount based on the RPI and is used to hedge the group's exposure to RPI movements on a Senior Loan Facility.

Capital risk management

The group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders. Capital comprises all components of equity. Typically returns to shareholders will be funded from retained profits, however in order to take advantage of the opportunities available to it from time to time, the group will consider the appropriateness of issuing shares, repurchasing shares, amending its dividend policy and borrowing, as is deemed appropriate in the light of such opportunities and changing economic circumstances.

Price risk

The group is exposed to price risk in its day-to-day operations and seeks to manage this risk through robust cost monitoring processes and acts accordingly where required. The group enters long-term fixed price contracts with customers to mitigate fluctuations on electricity prices between periods.

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 (*continued*)

25 Financial instruments (*continued*)

Liquidity risk

Liquidity risk is where the group does not have adequate sources of funding to finance the group's business activities. This is managed centrally with business units forecasting cash flows as part of the monthly planning process. Cash is pooled daily to ensure funding is available to meeting business requirements.

At 31 December 2022, the group had a \$1.8 billion (2021: \$1,800 million) and £525 million (2021: £200 million) multi-currency revolving credit facility to provide financing for the group's equity contributions into various global projects, which includes a committed LC facility totalling £200 million (2021: £200 million). Both credit facilities mature on 13 September 2024 and 31 May 2025, respectively. The LC facility matures on 31 May 2025. See Note 22 for more information.

The ability of the group to meet its financial obligations needs to be continually considered, now more than ever in the current macro-economic environment. This is managed by balancing the group's cash balances, banking facilities and borrowing facilities in the light of projected operational and strategic requirements. Significant improvements have been made to the group's liquidity forecasts on a rolling five quarter basis, providing sufficient time to identify and remedy situations before they arise.

The following table details the contractual maturity of financial liabilities based on the dates the liabilities are due to be settled:

Financial liabilities:

| | 0 to 1 year £000 | 1 to 2 years £000 | 2 to 5 Years £000 | More than 5 years £000 | Total £000 |
|-----------------------------|---------------------|-------------------------|-------------------------|---------------------------------|------------------|
| Trade payables | 34,980 | - | - | - | 34,980 |
| Other payables | 110,360 | 53,598 | 58,937 | - | 222,895 |
| Lease liabilities (note 23) | 6,331 | 6,275 | 16,496 | 65,469 | 94,571 |
| Accruals | 188,491 | - | - | - | 188,491 |
| Borrowings | 41,756 | 1,922,908 | 1,048,931 | 319,056 | 3,332,651 |
| Derivative liabilities | - | - | - | 388,430 | 388,430 |
| At 31 December 2022 | 381,918 | 1,982,781 | 1,124,364 | 772,955 | 4,262,018 |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***25 Financial Instruments (continued)**

| | 0 to 1 year £000 | 1 to 2 years £000 | 2 to 5 Years £000 | More than 5 years £000 | Total £000 |
|-----------------------------|-----------------------------|----------------------------------|----------------------------------|---|-----------------------|
| Trade payables | 16,462 | - | - | - | 16,462 |
| Other payables | 73,785 | 71,420 | 78,190 | - | 223,394 |
| Lease liabilities (note 23) | 6,908 | 9,290 | 19,619 | 62,505 | 98,322 |
| Accruals | 133,031 | - | - | - | 133,031 |
| Borrowings | 261,693 | 128,520 | 1,508,454 | 240,361 | 2,139,027 |
| Derivative liabilities | - | - | - | 171,885 | 171,885 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2021 | 491,879 | 209,230 | 1,606,263 | 474,751 | 2,782,123 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

25 Financial instruments (continued)*Financial counterparty credit risk*

Cash is only invested in high credit-quality investments and counterparty limits are managed and derived according to the assessed risk of each counterparty and exposures are monitored against these limits on a regular basis.

The group's principal financial counterparty credit risks were as follows:

| | AAA/Aaa £000 | AA/Aa £000 | A/A £000 | BBB/Baa £000 | BB+/BA1 and below / Unrated £000 | Total £000 |
|----------------------------------|-----------------|---------------|-------------|-----------------|---|----------------|
| 2022 | | | | | | |
| Bank balances and deposits | - | - | 458,751 | 20 | 4,110 | 462,881 |
| Derivative financial instruments | - | 20,351 | 89,087 | - | - | 109,438 |
| | - | 20,351 | 547,838 | 20 | 4,110 | 572,319 |

| | AAA/Aaa £000 | AA/Aa £000 | A/A £000 | BBB/Baa £000 | BB+/BA1 and below / Unrated £000 | Total £000 |
|----------------------------------|-----------------|---------------|-------------|-----------------|---|---------------|
| 2021 | | | | | | |
| Bank balances and deposits | - | - | 298,418 | 6,181 | 804 | 305,403 |
| Derivative financial instruments | - | (822) | (22,026) | (773) | - | (23,621) |
| | - | (822) | 276,392 | 5,408 | 804 | 281,782 |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

26 Issued share capital

| | Authorised, allotted, called up and fully paid | | | |
|------------------------------------|--|-------------------|-----------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | Number | Number | £000 | £000 |
| 'A' ordinary shares of £0.001 each | 13,245,106 | 13,245,106 | 13 | 13 |
| 'C' ordinary shares of £0.001 each | 479,270 | 479,270 | 1 | 1 |
| 'D' ordinary shares of £0.001 each | 309,960 | 309,960 | - | - |
| 'E' ordinary shares of £0.001 each | 747,956 | 747,956 | 1 | 1 |
| 'F' ordinary shares of £0.001 each | 770,383 | 770,383 | 1 | 1 |
| 'G' ordinary shares of £0.001 each | 229,196 | 229,196 | - | - |
| Total | 15,781,871 | 15,781,871 | 16 | 16 |

Every holder of Ordinary A shares, Ordinary C shares and Ordinary F shares have one vote for every share for which they are the holder. The Ordinary D shares, Ordinary E shares and Ordinary G shares carry no voting rights.

No shares were issued in the year (2021: Nil).

No shares were repurchased during the year (2021: Nil).

27 Reserves

Share premium, other reserves, and retained earnings represent balances conventionally attributed to those descriptions.

Other reserves for the Group comprise of: (£7,634k) distributable reserves (31 December 2021: (£7,634k)); £3,329k capital redemption reserve (31 December 2021: £3,329k); £86,479k Hedge reserve (31 December 2021: (£18,044k)); and £8,821k foreign exchange reserve (31 December 2021: (£93k)).

The distributable reserves balance represents the amount that can legally be paid out to our shareholders in the form of a dividend. The capital redemption reserve balance is the amount relating to purchase and redemption of our own shares. Hedging reserve contains the amount of fair value gains and losses on our cashflow hedging instruments. Foreign exchange reserve represents the effects of changes in foreign currency rates not realised in the P&L.

The Directors have proposed that there will be £nil final dividend in respect of this year ended 31 December 2022 (2021: £19,000).

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

28 Notes to the cashflow statement

Reconciliation of cash generated from operations

| | 2022 | Restated 2021 |
|--|-----------------|---------------|
| | £000 | £000 |
| Cash flows from operating activities | | |
| Loss after taxation | (95,819) | (172,215) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 46,306 | 27,830 |
| Impairment of property, plant and equipment | 2,654 | 2,047 |
| Impairment/reversal of impairment of property, plant and equipment | - | (2,374) |
| Depreciation of right-of-use assets | 5,283 | 3,941 |
| Amortisation of intangible assets | 573 | 431 |
| Impairment of intangible assets | 7,683 | - |
| (Gain)/loss on disposal of property, plant and equipment | (291) | 125 |
| Loss on disposal of intangibles | 878 | - |
| Mark-to-market movement on VPPA's | 204,407 | 148,263 |
| Net interest expenses | 129,660 | 55,521 |
| Income tax credit | (77,982) | (48,016) |
| Gain on sale of subsidiaries | (194,608) | (18,246) |
| Share of profit of joint ventures | (542) | (60) |
| Loan write-off | 2,693 | - |
| Working capital adjustments: | | |
| (Increase)/decrease in inventories | (190) | 87 |
| (Increase)/decrease in trade and other receivables | (54,836) | 87,596 |
| Increase in trade and other payables | 9,770 | 11,477 |
| Cash (used in)/generated from operations | (14,362) | 96,407 |

Reconciliation of net debt

| | 1 January 2022 | Cash flows | Non-cash changes | 31 December 2022 |
|----------------------------------|--------------------|------------------|------------------|--------------------|
| | £000 | £000 | £000 | £000 |
| Cash and cash equivalents | 305,403 | 138,789 | 18,689 | 462,881 |
| Bank loans | (1,946,540) | (970,869) | (163,664) | (3,081,073) |
| Tax equity contributions | (257,161) | (92,507) | 24,688 | (324,980) |
| Derivative financial instruments | (171,885) | 25,350 | (96,697) | (243,232) |
| Total | (2,070,183) | (899,237) | (216,984) | (3,186,404) |

All bank loans and tax equity contributions are presented gross of capitalised loan costs.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**29 Related party transactions****Transactions with key management personnel**

There were no transactions with key management personnel during the period.

Other transactions**31 December 2022**

In accordance with the Development Services Agreement (DSA) signed in 2021 with Bp, Lightsource bp has continued services in FY2022. At 31 December 2022, Lightsource bp has recognized £21.2m in deferred income for DSA Milestone Payments in achievement of reaching development milestones. Lightsource bp also recognized £3.4m of external development revenue as of 31 December 2022 for projects that have reached financial close. Lastly, for any advancements received from bp on the basis of forecasted spend to be incurred as been recognized as a total DSA liability of £0.15m at 31 December 2022.

For projects that have reached financial close, Lightsource bp has entered into Construction Management Agreements (CMAs) whereby Lightsource bp receives a monthly fee for services to manage the construction of the asset. At 31 December 2022, this has been recognized as £0.6m in external construction management revenue.

31 December 2021

In June of 2021, bp acquired 9GW of solar pipeline from independent US solar developer 7X Energy. On the 7th July 2021, bp contracted the services of Lightsource bp to develop the projects under a Development Services Agreement (DSA). Under this agreement, Lightsource bp is entitled to the reimbursement of development spend incurred on the 7x projects on the basis of costs incurred to date and projected costs to be incurred. Lightsource bp is also entitled to DSA Milestone Payment when the project achieves the development milestone of at least 50% and 75%. This DSA Milestone payment is recorded as deferred income, and at 31 December 2021, Lightsource bp has recognized £21.8m in deferred income. Any advancements received from bp on the basis of forecasted spend to be incurred are recognized as a liability. At 31 December 2021, this DSA liability stood at £4.5m.

In September 2021, the Group entered into the \$1.8bn Titan multi-currency revolving credit facility. This is supported by a guarantee provided by bp for up to \$900m of the facility. A guarantee fee of 4.5% is charged on drawn amounts, pro-rata to guarantee vs total commitments, (currently 50%) and is payable half yearly in arrears.

30 Contingent liabilities

There are obligations on the group to remove the solar assets upon expiry of the contractual terms. In the event that no agreement is reached with the property owners to transfer ownership in lieu of any decommissioning obligations, it is the intention of the Directors to fulfil those obligations.

At balance sheet date the Directors reassessed the accounting judgement and recognised £38.3m decommissioning provisions for the Wellington and Woolooga sites in Australia, Glade in the US and Kingpin and Lionking in the UK where it was determined that it is unlikely that the lessor will take title of the assets for either continued use or to realise value through selling the assets; as such the Directors believe that an outflow is probable to settle this restoration obligation.

31 Events after the reporting period

Work has continued in 2023 to diversify our corporate debt structuring. We have seen an increase of £125m in our Trade Finance facility and a further £150m increase in our Xenium 2 Revolving Credit Facility.

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

32 Interests in other entities**(a) Subsidiaries**

The Group's subsidiaries at 31 December 2022 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. All ordinary shares are owned 100% (except where stated otherwise).

The principal activity of each subsidiary, unless otherwise stated, is the development, construction and operation of solar plants and the generation of solar power. The registered address of all subsidiaries, except where denoted otherwise in the footnotes to this table, is: 7th Floor 33 Holborn London EC1N 2HU. The country of incorporation or registration is also their principal place of business.

Subsidiaries which have taken the dormant subsidiary exemption by virtue of s394A of the Companies Act 2006 have been denoted by (D).

| | |
|--|---|
| Aashman Power Limited | Lightsource Renewable Energy Trading, SL ²⁶ |
| Aleandria Powers S.L ⁴⁰ | Lightsource Renewable Energy US Assets, LLC ¹¹ |
| Apollo Geração de Energia Ltda ¹⁷ | Lightsource Renewable Energy US, LLC ¹¹ |
| Bellflower Solar 1, LLC ³⁴ | Lightsource Renewable Global Development Limited |
| Bighorn Solar Class B, LLC ³⁴ | Lightsource Renewable Services Limited |
| Bighorn Solar Construction, LLC ³⁴ | Lightsource Renewable UK Development Limited ¹² |
| Bighorn Solar Holdings 1, LLC ³⁴ | Lightsource Residential Rooftops (PPA) Limited |
| Bighorn Solar Holdings 2, LLC ³⁴ | Lightsource Residential Rooftops Limited |
| Bighorn Solar Holdings, LLC ³⁴ | Lightsource Simba Limited |
| Bighorn Solar I, LLC ¹¹ | Lightsource Simba Limited |
| Birch Solar 1, LLC ³⁴ | Lightsource Singapore Renewables Holdings Private Limited ¹⁰ |
| Blackbear Alabama Solar 1, LLC ¹¹ | Lightsource Singapore Renewables Private Limited ¹⁰ |
| Blackbear Alabama Solar Land Holdings, LLC ¹¹ | Lightsource SPV 10 Limited |
| Bodmin Solar Limited | Lightsource SPV 101 Limited (D) |
| Burnthouse Solar Limited | Lightsource SPV 105 Limited |
| Champion Solar 1, LLC | Lightsource SPV 106 Limited |
| Chittering Solar Limited | Lightsource SPV 106 Limited |
| Clean Energy 1 SMSA ³⁶ | Lightsource SPV 108 Limited (D) |
| Clean Energy 2 SMSA ³⁶ | Lightsource SPV 109 Limited |
| Clean Energy 3 SMSA ³⁶ | Lightsource SPV 112 Limited (D) |
| Clean Energy 4 SMSA ³⁶ | Lightsource SPV 114 Limited (D) |
| Clean Energy 4 SMSA ³⁶ | Lightsource SPV 115 Limited (D) |
| Clean Energy 5 SMSA ³⁶ | Lightsource SPV 116 Limited (D) |
| Clean Energy 6 SMSA ³⁶ | Lightsource SPV 118 Limited (D) |
| Clean Vision Solar LLC ³⁰ | Lightsource SPV 123 Limited |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***32 Interests in other entities *(continued)*****(a) Subsidiaries *(continued)***

| | |
|--|--|
| Compatible Opportunity Lda ²⁴ | Lightsource SPV 126 Limited <i>(D)</i> |
| Compatibleglobe Lda ²⁴ | Lightsource SPV 127 Limited <i>(D)</i> |
| Continental Divide Solar 1 LLC (bluewater) ¹¹ | Lightsource SPV 128 Limited <i>(D)</i> |
| Continental Divide Solar 2 LLC (grants) ¹¹ | Lightsource SPV 130 Limited <i>(D)</i> |
| Continental Divide Solar Land Holdings LLC ¹¹ | Lightsource SPV 133 Limited <i>(D)</i> |
| Cottontail Solar 1, LLC ³⁴ | Lightsource SPV 135 Limited |
| Cottontail Solar 2, LLC ³⁴ | Lightsource SPV 138 Limited <i>(D)</i> |
| Cottontail Solar 3, LLC ³⁴ | Lightsource SPV 140 Limited <i>(D)</i> |
| Cottontail Solar 4, LLC ³⁴ | Lightsource SPV 142 Limited <i>(D)</i> |
| Cottontail Solar 5, LLC ³⁴ | Lightsource SPV 143 Limited |
| Cottontail Solar 6, LLC ³⁴ | Lightsource SPV 145 Limited <i>(D)</i> |
| Cottontail Solar 7, LLC ³⁴ | Lightsource SPV 149 Limited <i>(D)</i> |
| Cottontail Solar 8, LLC ³⁴ | Lightsource SPV 151 Limited <i>(D)</i> |
| Donoma Power Limited | Lightsource SPV 154 Limited <i>(D)</i> |
| Donoma Power Limited | Lightsource SPV 155 Limited <i>(D)</i> |
| Driver Solar Holdings, LLC | Lightsource SPV 156 Limited <i>(D)</i> |
| Elk Hill 2, LLC ^{11 & 29} | Lightsource SPV 160 Limited |
| Elk Hill Solar 1, LLC ^{11 & 28} | Lightsource SPV 162 Limited <i>(D)</i> |
| Elk Hill Solar 2 Holdings, LLC ³⁴ | Lightsource SPV 166 Limited <i>(D)</i> |
| EM Sicilia Green S.r.l | Lightsource SPV 167 Limited <i>(D)</i> |
| Ffos Las Solar Developments Limited | Lightsource SPV 169 Limited |
| Free Power for Schools 13 Limited <i>(D)</i> | Lightsource SPV 170 Limited |
| Free Power for Schools 14 Limited <i>(D)</i> | Lightsource SPV 171 Limited <i>(D)</i> |
| Free Power for Schools 15 Limited <i>(D)</i> | Lightsource SPV 175 Limited <i>(D)</i> |
| Free Power for Schools 17 Limited <i>(D)</i> | Lightsource SPV 176 Limited <i>(D)</i> |
| Free Power for Schools 4 Limited <i>(D)</i> | Lightsource SPV 179 Limited <i>(D)</i> |
| Free Power for Schools 5 Limited <i>(D)</i> | Lightsource SPV 18 Limited <i>(D)</i> |
| Free Power for Schools 6 Limited <i>(D)</i> | Lightsource SPV 180 Limited |
| Free Power for Schools 7 Limited <i>(D)</i> | Lightsource SPV 182 Limited <i>(D)</i> |
| Freetricity Central June Limited <i>(D)</i> | Lightsource SPV 183 Limited <i>(D)</i> |
| Freshpanoply Lda ³⁹ | Lightsource SPV 184 Limited <i>(D)</i> |
| Freshpanoply LdaRD PV Produkcja 5 sp z oo ⁴² | Lightsource SPV 185 Limited <i>(D)</i> |
| Gangjin Solar Power Plant Co., Ltd | Lightsource SPV 189 Limited <i>(D)</i> |
| Glade CD Solar Holdings LLC ¹¹ | Lightsource SPV 19 Limited <i>(D)</i> |
| Glade Solar Class B, LLC ¹¹ | Lightsource SPV 191 Limited <i>(D)</i> |
| Glade Solar Holdings 1, LLC ¹¹ | Lightsource SPV 192 Limited <i>(D)</i> |
| | Lightsource SPV 196 Limited <i>(D)</i> |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

32 Interests in other entities *(continued)*

(a) Subsidiaries *(continued)*

| | |
|--|--|
| Glade Solar Holdings 2, LLC ¹¹ | Lightsource SPV 199 Limited <i>(D)</i> |
| Glade Solar Holdings, LLC ¹¹ | Lightsource SPV 20 Limited |
| Glade Solar Land Holdings, LLC ¹¹ | Lightsource SPV 200 Limited |
| Global Aroche, S.L.U | Lightsource SPV 201 Limited <i>(D)</i> |
| Global Atarazana, S.L.U | Lightsource SPV 202 Limited <i>(D)</i> |
| Global Baterno, S.L.U | Lightsource SPV 203 Limited |
| Global Baza, S.L.U | Lightsource SPV 204 Limited <i>(D)</i> |
| Global Brenes, S.L.U | Lightsource SPV 206 Limited <i>(D)</i> |
| Global Cotelengo, S.L.U | Lightsource SPV 212 Limited <i>(D)</i> |
| Global Tarquinia, S.L.U | Lightsource SPV 213 Limited <i>(D)</i> |
| Global Treviso, S.L.U | Lightsource SPV 214 Limited <i>(D)</i> |
| Gnowee Power Limited | Lightsource SPV 215 Limited <i>(D)</i> |
| Green Energy Plus 1 SMSA ³⁶ | Lightsource SPV 217 Limited <i>(D)</i> |
| Green Energy Plus 2 SMSA ³⁶ | Lightsource SPV 218 Limited <i>(D)</i> |
| Green Energy Plus 3 SMSA ³⁶ | Lightsource SPV 219 Limited <i>(D)</i> |
| Green Energy Plus 4 SMSA ³⁶ | Lightsource SPV 221 Limited <i>(D)</i> |
| Green Energy Plus 5 SMSA ³⁶ | Lightsource SPV 222 Limited <i>(D)</i> |
| Green Energy Plus 6 SMSA ³⁶ | Lightsource SPV 223 Limited <i>(D)</i> |
| Green Energy Plus 7 SMSA ³⁶ | Lightsource SPV 224 Limited |
| Green Energy Plus 7 SMSA ³⁶ | Lightsource SPV 225 Limited <i>(D)</i> |
| Green Energy Plus 8 SMSAGreen Energy Plus 8 SMSA ³⁶ | Lightsource SPV 226 Limited <i>(D)</i> |
| H7 Energy Limited | Lightsource SPV 227 Limited <i>(D)</i> |
| Haenam Solar Power Plant Co., Ltd | Lightsource SPV 230 Limited <i>(D)</i> |
| Happy Solar 1, LLC ³⁴ | Lightsource SPV 232 Limited <i>(D)</i> |
| HF Solar 10 S.r.l | Lightsource SPV 233 Limited <i>(D)</i> |
| Howbery Solar Park Limited | Lightsource SPV 234 Limited <i>(D)</i> |
| Hui-Meng Energy Co Ltd ³⁵ | Lightsource SPV 235 Limited <i>(D)</i> |
| Ignichoice Renewable Energy V Lda ⁴¹ | Lightsource SPV 236 Limited <i>(D)</i> |
| Ignidap - Energias Renováveis Unipessoal Lda ⁴¹ | Lightsource SPV 237 Limited <i>(D)</i> |
| Impact Solar 1, LLC ¹¹ | Lightsource SPV 238 Limited <i>(D)</i> |
| Impact Solar Class B, LLC ¹¹ | Lightsource SPV 239 Limited <i>(D)</i> |
| Impact Solar Construction, LLC ¹¹ | Lightsource SPV 241 Limited <i>(D)</i> |
| Impact Solar Holdings 1, LLC ¹¹ | Lightsource SPV 242 Limited <i>(D)</i> |
| Impact Solar Holdings 2, LLC ¹¹ | Lightsource SPV 243 Limited <i>(D)</i> |
| Impact Solar Holdings, LLC ¹¹ | Lightsource SPV 244 Limited <i>(D)</i> |
| Inverness Solar, LLC | Lightsource SPV 245 Limited <i>(D)</i> |
| ISC Greenfield 12 SL ³⁹ | Lightsource SPV 246 Limited <i>(D)</i> |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***32 Interests in other entities *(continued)*****(a) Subsidiaries *(continued)***

| | |
|--|--|
| ISC Greenfield 7 SL ³⁹ | Lightsource SPV 247 Limited <i>(D)</i> |
| Johnson CornerSolar 1 LLC ¹¹ | Lightsource SPV 248 Limited <i>(D)</i> |
| Jorge Energy I S.L. ³⁹ | Lightsource SPV 249 Limited <i>(D)</i> |
| Jorge Energy IV S.L. ³⁹ | Lightsource SPV 25 Limited <i>(D)</i> |
| Kala Power Limited | Lightsource SPV 250 Limited <i>(D)</i> |
| Khons Sun Powers S.L. ⁴⁰ | Lightsource SPV 251 Limited <i>(D)</i> |
| Lightsource Asset Holdings (Australia) Limited | Lightsource SPV 252 Limited <i>(D)</i> |
| Lightsource Asset Holdings (Europe) Limited | Lightsource SPV 253 Limited <i>(D)</i> |
| Lightsource Asset Holdings (Spain) Limited | Lightsource SPV 254 Limited <i>(D)</i> |
| Lightsource Asset Holdings (UK) Limited ³ | Lightsource SPV 255 Limited <i>(D)</i> |
| Lightsource Asset Holdings (USA) Limited | Lightsource SPV 258 Limited |
| Lightsource Asset Holdings (Vendimia I) Limited | Lightsource SPV 259 Limited |
| Lightsource Asset Holdings (Vendimia II) Limited | Lightsource SPV 26 Limited |
| Lightsource Asset Holdings 1 Limited | Lightsource SPV 262 Limited <i>(D)</i> |
| Lightsource Asset Holdings 2 Limited | Lightsource SPV 263 Limited <i>(D)</i> |
| Lightsource Asset Holdings 3 Limited | Lightsource SPV 264 Limited <i>(D)</i> |
| Lightsource Asset Management Australia Pty ¹⁴ | Lightsource SPV 265 Limited <i>(D)</i> |
| Lightsource Asset Management Limited | Lightsource SPV 266 <i>(NI)</i> Limited |
| Lightsource Australia FinCo 1 Pty Limited ¹⁴ | Lightsource SPV 267 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia FinCo Holdings Limited ⁶ | Lightsource SPV 268 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia HoldCo 1 Pty Limited ¹⁴ | Lightsource SPV 269 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia SPV 1 Pty Limited ¹⁴ | Lightsource SPV 270 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia SPV 2 Pty Limited ¹⁴ | Lightsource SPV 271 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia SPV 3 Pty Limited ¹⁴ | Lightsource SPV 272 <i>(NI)</i> Limited <i>(D)</i> |
| Lightsource Australia SPV 4 Pty Limited ¹⁴ | Lightsource SPV 32 Limited |
| Lightsource Beacon 2, LLC ³⁴ | Lightsource SPV 35 Limited <i>(D)</i> |
| Lightsource Beacon Holdings, LLC ¹¹ | Lightsource SPV 39 Limited |
| Lightsource Beacon, LLC ¹¹ | Lightsource SPV 40 Limited |
| Lightsource Bodegas 3 Limited | Lightsource SPV 41 Limited <i>(D)</i> |
| Lightsource Bodegas 4 Limited | Lightsource SPV 42 Limited |
| Lightsource Bodegas Limited | Lightsource SPV 44 Limited |
| Lightsource Bom Lugar IV Geração de Energia Ltda ²² | Lightsource SPV 47 Limited <i>(D)</i> |
| Lightsource Bom Lugar V Geração de Energia Ltda ²² | Lightsource SPV 49 Limited |
| Lightsource Bom Lugar VI Geração de Energia Ltda ²² | Lightsource SPV 5 Limited |
| Lightsource Bom Lugar VII Geração de Energia Ltda ²² | Lightsource SPV 5 Limited |
| Lightsource Bom Lugar VIII Geração de Energia Ltda ²² | Lightsource SPV 50 Limited |
| Lightsource Bom Lugar IX Geração de Energia Ltda ²² | Lightsource SPV 54 Limited |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

32 Interests in other entities (continued)**(a) Subsidiaries (continued)**

| | |
|---|--|
| Lightsource Brasil Energia Renovavel Participacoes SA ¹⁶ | Lightsource SPV 56 Limited (D) |
| Lightsource Brasil Energia Renovavel Ltda ¹⁶ | Lightsource SPV 60 Limited (D) |
| Lightsource Brazil Holdings 1 Limited | Lightsource SPV 69 Limited |
| Lightsource Brazil Holdings 2 Limited | Lightsource SPV 73 Limited (D) |
| Lightsource Commercial Rooftops Limited | Lightsource SPV 74 Limited |
| Lightsource Construction Management Limited | Lightsource SPV 76 Limited |
| Lightsource Development Romania S.R.L | Lightsource SPV 78 Limited (D) |
| Lightsource Development Services Australia Pty ¹⁴ | Lightsource SPV 79 Limited |
| Lightsource Development Services Limited | Lightsource SPV 8 Limited |
| Lightsource Egypt Holdings Limited | Lightsource SPV 8 Limited |
| Lightsource Europe Asset Management, SL ²⁷ | Lightsource SPV 88 Limited (D) |
| Lightsource Finance 55 Limited (D) | Lightsource SPV 91 Limited (D) |
| Lightsource Finca 3 Limited | Lightsource SPV 98 Limited (D) |
| Lightsource Finca Limited | Lightsource Timon Limited |
| Lightsource Grace 1 Limited | Lightsource Trading Limited |
| Lightsource Grace 2 Limited | Lightsource UK Property Investments 1 LP |
| Lightsource Grace 3 Limited | Lightsource Viking 1 Limited |
| Lightsource Greece SPV 1 Single Member S.A. ³¹ | Lightsource Viking 2 Limited |
| Lightsource Holdings 1 Limited | LL Property Services Limited |
| Lightsource Holdings 2 Limited | Lora Solar Limited |
| Lightsource Holdings 3 Limited | LREHL Renewables India SPV 1 Private Limited ¹² |
| Lightsource Iberia Project Holdings Limited | LS 9 sp. Z.o.o. |
| Lightsource Impact 1 Limited ¹ | LS Australia FinCo 2 Pty Ltd ¹⁴ |
| Lightsource Impact 2 Limited ² | LSBP NE Development LLC ¹¹ |
| Lightsource India Holdings (Mauritius) Limited | LS Renewable Energy Co. Ltd |
| Lightsource India Holdings Limited | Manor Farm (Solar Power) Limited |
| Lightsource India Investments (UK) Limited | Maverick Solar Class B, LLC ³⁴ |
| Lightsource India Limited | Maverick Solar Construction, LLC ³⁴ |
| Lightsource India Maharashtra 1 Holdings Limited | Maverick Solar Holdings 1, LLC ³⁴ |
| Lightsource India Maharashtra 1 Limited | Maverick Solar Holdings 2, LLC ³⁴ |
| Lightsource Ireland Development Holdings Limited ³² | Maverick Solar Holdings, LLC ³⁴ |
| Lightsource Ireland SPV 6 Limited ³² | Meri Power Limited |
| Lightsource Kingfisher Holdings Limited | Meri Power Limited |
| Lightsource Kingfisher Holdings Limited | MTS Francis Court Solar Limited |
| Lightsource Kingpin 1 Limited | MTS Trefinnick Solar Limited |
| Lightsource Kingpin 2 Limited | MTS Trefinnick Solar Limited |
| Lightsource Kingpin 3 Limited | Nextpower Trevemper Limited |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (*continued*)**32 Interests in other entities (*continued*)****(a) Subsidiaries (*continued*)**

| | |
|---|--|
| Lightsource Labs 1 Limited | Nextpower Trevemper Limited |
| Lightsource Labs Australia Pty Limited ¹⁴ | Nima Power Limited |
| Lightsource Labs Holdings Limited | Palk Power Limited |
| Lightsource Labs Limited ⁸ | Parque FV Borealis S.L. ³⁹ |
| Lightsource Largescale Limited (<i>D</i>) | Parque FV Polaris SL ³⁹ |
| Lightsource LS Labs Australia Operations Pty Limited ¹⁴ | Performan Lark S.L.U. ³⁸ |
| Lightsource Manzanilla Limited | Pine Cone Solar, LLC |
| Lightsource Milagres I Geração de Energia Ltda ¹⁸ | Pont Andrew Limited |
| Lightsource Milagres II Geração de Energia Ltda ¹⁸ | Pont Andrew Limited |
| Lightsource Milagres II Geração de Energia Ltda ¹⁸ | Poplar Solar 1, LLC ³⁴ |
| Lightsource Milagres IV Geração de Energia Ltda ¹⁸ | Porteiras Geração de Energia Ltda ²¹ |
| Lightsource Milagres V Geração de Energia Ltda ¹⁸ | Prairie Ronde Solar Farm, LLC |
| Lightsource Nala Limited | Ramisun Consultoria e Energias Renováveis Lda ³⁹ |
| Lightsource Operations 1 Limited | Red Dusk Solar 1, LLC |
| Lightsource Operations 2 Limited | Rin Power S.L. ⁴⁰ |
| Lightsource Operations 2 Limited | Sel PV 09 Limited |
| Lightsource Operations 3 Limited | Sel PV 09 Limited |
| Lightsource Operations Services Limited | Shakti Power Limited |
| Lightsource Property 1 Limited ⁴ | Shakti Power Limited |
| Lightsource Property 2 Limited ⁵ | Sinergia Aragonesa S.L. ³⁹ |
| Lightsource Property Investment Holdings Limited | Sinfonia Solar Energy Power S.L. ⁴⁰ |
| Lightsource Property Investment Management (LPIM) LLP | SK Devco Solar Power Plant Co., Ltd |
| Lightsource Property Investments 1 Limited | Solar Photovoltaic (SPV2) Limited (<i>D</i>) |
| Lightsource Pumbaa Limited | Solar Photovoltaic (SPV3) Limited (<i>D</i>) |
| Lightsource Radiate 1 Limited | Solar Strategic Energy LLC ³⁰ |
| Lightsource Radiate 2 Limited | Solid Tomorrow Energia Unipessoal Lda ⁴¹ |
| Lightsource Renewable Energy (Australia) Pty ¹⁴ | Starr Solar Ranch LLC |
| Lightsource Renewable Energy (India) Limited | Sula Power Limited |
| Lightsource Renewable Energy (NI) Limited ⁹ | Sula Power Limited |
| Lightsource Renewable Energy (NI) Limited ⁹ | Sun and Soil Renewable 12 Limited |
| Lightsource Renewable Energy Asset Holdings 1, LLC ³⁴ | Sun and Soil Renewable 12 Limited |
| Lightsource Renewable Energy Asset Management Holdings, LLC ¹¹ | Suninger Consultoria e Energias Renováveis Unipess ⁴¹ |
| Lightsource Renewable Energy Asset Management, LLC ¹¹ | Sunpower 1 SMPC ³⁷ |
| Lightsource Renewable Energy Assets Holdings, LLC ¹¹ | TGC Solar 106 Limited |
| Lightsource Renewable Energy Australia Holdings Limited | |

Financial Statements
Notes forming part of the consolidated financial statements
For the year ended 31 December 2022 *(continued)*

32 Interests in other entities *(continued)*

(a) Subsidiaries *(continued)*

| | |
|---|--|
| Lightsource Renewable Energy Development, LLC ²¹ | TGC Solar 91 Limited |
| Lightsource Renewable Energy Garnacha, SL ²⁵ | Thames Electricity Limited |
| Lightsource Renewable Energy Holdings Limited | Tonatiuh Trading 1 Limited |
| Lightsource Renewable Energy Holdings Limited | Tuwale Power Limited |
| Lightsource Renewable Energy Iberia Holdings Limited | TW QE2 Limited |
| Lightsource Renewable Energy India Assets Limited | Ubiworx Systems Designated Activity Company ⁸ |
| Lightsource Renewable Energy India Holdings Limited | Vale do Cochá Geração de Energia Ltda ¹⁹ |
| Lightsource Renewable Energy India Projects Limited | Vendimia Grid, AIE ²⁵ |
| Lightsource Renewable Energy Ireland Limited ⁸ | Ventress Solar Farm 1, LLC ³⁴ |
| Lightsource Renewable Energy Italy Development, S.r.l. ²³ | Verde Grande Geração de Energia Ltda ²⁰ |
| Lightsource Renewable Energy Italy Holdings Limited | Wellington LandCo Pty Limited ¹⁴ |
| Lightsource Renewable Energy Italy Holdings Srl ²³ | Wena Projekt 2 sp z oo ⁴² |
| Lightsource Renewable Energy Italy SPV 1 S.r.l. ²³ | West Wyalong FinCo Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Italy SPV 2 S.r.l. ²³ | West Wyalong Fund Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Italy SPV 3 S.r.l. ²³ | West Wyalong HoldCo 2 Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Italy SPV 4 S.r.l. ²³ | West Wyalong Trust ¹⁴ |
| Lightsource Renewable Energy Italy SPV 5 S.r.l. ²³ | Whitetail Solar 1, LLC ¹¹ |
| Lightsource Renewable Energy Italy SPV 6 S.r.l. ²³ | Whitetail Solar 2, LLC ¹¹ |
| Lightsource Renewable Energy Italy SPV 7 S.r.l. ²³ | Whitetail Solar 3, LLC ¹¹ |
| Lightsource Renewable Energy Italy SPV 8 S.r.l. ²³ | Whitetail Solar 6, LLC ¹¹ |
| Lightsource Renewable Energy Italy SPV 9 S.r.l. ²³ | Whitetail Solar Land Holdings, LLC ¹¹ |
| Lightsource Renewable Energy Limited (D) | Wildflower Solar 1 LLC ¹¹ |
| Lightsource Renewable Energy Management, LLC ¹¹ | Wildflower Solar Land Holdings LLC ¹¹ |
| Lightsource Renewable Energy Netherlands Development BV ¹³ | Woolooga FinCo Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Netherlands Holdings BV ¹³ | Woolooga Fund Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Netherlands Holdings Limited | Woolooga HoldCo 2 Pty Ltd ¹⁴ |
| Lightsource Renewable Energy Netherlands SPV 3 B.V. ¹³ | Woolooga Trust ¹⁴ |
| Lightsource Renewable Energy Operations, LLC ¹¹ | Your Power No10 Limited (D) |
| Lightsource Renewable Energy Portugal Holdings Limited ⁷ | Your Power No19 Limited (D) |
| Lightsource Renewable Energy Services Holdings, LLC ¹¹ | Your Power No2 Limited (D) |
| Lightsource Renewable Energy Services, Inc. ¹¹ | Your Power No3 Limited (D) |
| Lightsource Renewable Energy Spain Development SL ²⁵ | Your Power No8 Limited (D) |
| Lightsource Renewable Energy Spain Holdings SL ²⁵ | |
| Lightsource Renewable Energy Spain SPV 1 SL ²⁵ | |
| Lightsource Renewable SPV 1 Taiwan Limited | |
| Lightsource Renewable Energy Trading, LLC ¹¹ | |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***32 Interests in other entities *(continued)*****(a) Subsidiaries *(continued)***

1. Lightsource Impact 1 Limited (formerly Lightsource SPV 256 Limited) 26/11/19
2. Lightsource Impact 2 Limited (formerly Lightsource SPV 257 Limited) 26/11/19
3. Lightsource Asset Holdings (UK) Limited (formerly Lightsource Asset Holdings Limited) 22/11/19
4. Lightsource Property 1 Limited (formerly Lightsource Trojan 1 Limited) 04/09/19
5. Lightsource Property 2 Limited (formerly Lightsource Trojan 2 Limited) 04/09/19
6. Lightsource Australia FinCo Holdings Limited (formerly Lightsource Asset Holdings Australia Limited)
7. Lightsource Renewable Energy Portugal Holdings Limited (formerly Lightsource SPV 240 Limited) 26/06/19
8. Registered address: Trinity House, Charleston Road, Ranelagh Dublin 6 D06C8X4
9. Registered address: Regus Business Centre, Cromac Square, Belfast, Northern Ireland, BT2 8LA
10. Registered address: 8 Marina Boulevard #05-02 Marina Bay Financial Centre, Singapore 018981
11. Registered corporate agent: 251 Little Falls Drive, Wilmington, DE 19808
12. Registered address: 815-816 International Trade Tower, Nehru Place, New Delhi New Delhi DL 110019 IN
13. Registered Address: Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
14. Registered Address: 'CBW' LEVEL 19 181 WILLIAM STREET MELBOURNE VIC 3000
15. Registered Address: No.44/38,1st Floor, Veerabhadran Street, Valluvarkottam, Nungambakkam, Chennai, Chennai, Tamil Nadu, India, 600034
16. Registered Address: Av. Bernardino de Campos, n. 98., Conj. A, 12 Andar, Sala 37, Paraíso, São Paulo, 04.004-040, Brazil
17. Registered Address: Sitio Canto, número S/N, bairro / distrito Zona Rural, município Russas - CE, CEP 62900-000
18. Registered Address: Sítio Cajueiro - Abaiara - BR 116, KM491, Caatinga Grande, Zona Rural, Abaiara, 63.240-000, Brazil
19. Registered Address: Estrada BR 030, número S/N, CXPST 08, bairro / distrito Zona Rural, município Montalvania - MG, CEP 39495-000
20. Registered Address: Fazenda Contendas, localizada na Rodovia Joaquim de Freitas, sentido Mato Verde a Catuti, Km 2 à direita, Zona Rural, município de Mato Verde-MG, CEP 39527-000
21. Registered Address: Estrada BR 135, número S/N, KM 250, bairro / distrito Angico de Minas, município Japonvar - MG, CEP 39335-000
22. Registered Address: Fazenda Terra Nova, located at Rod. Padre Cícero (CE 153), S/N, KM 58, Lima Campos, City of Icó, State of Ceará, Zip Code 63.435-000
23. Registered Address: Via Giacomo, Leopardi 7 CAP 20123, Milano, Italy
24. Registered Address: Via Giacomo, Leopardi 7 CAP 20123, Milano, Italy
25. Registered Address: Calle Alcala numero 63, 28014, Madrid, Spain
26. Registered Address: C/Pradillo 5, Bajo Exterior Derecha, 28002, Madrid, Spain
27. Registered Address: Calle Suero de Quinones, Numero 34-36, 28002, Madrid, Spain
28. Elk Hill Solar 1, LLC (formerly Whitetail Solar 4, LLC) Q4 2021
29. Elk Hill 2, LLC (formerly Whitetail Solar 5, LLC) Q4 2021
30. Registered Address: 400 Montgomery Street, Floor 8, San Francisco, CA 94104
31. '280 KIFISIAS AVENUE 15232 CHALANDRI, GREECE

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)*

32 Interests in other entities *(continued)*

(a) Subsidiaries *(continued)*

- 34. Trinity House, Charleston Road, Ranelagh, Dublin 6, D06C8X4
- 35. '48-50 Sackville Street, Port of Spain, Trinidad & Tobago
- 36. c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808
- 37. 11F, No. 235, Section 4, Zhong Xiao East Road, Da'an district, Taipei City, 10692, Taiwan (Province of China)
- 38. 280 Kifisias Avenue, 15232 Chalandri, Greece
- 39. Anonymous Municipal Road 051100, Kyrakali, Grevena, Greece
- 40. C/ VELAZQUEZ 64-66, Spain
- 41. Calle Alcalá numero 63, 28014, Madrid, Spain
- 42. Paseo de la Castellana, 140, 7C, 28046 Madrid, Spain
- 43. Rua Castilho, No 50, 1250-071, Lisboa, Portugal
- 44. ul. Grzybowska 2/29, 00-131, Warszawa, Poland

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 *(continued)***32 Interests in other entities (continued)****(b) Non-controlling interests (NCI)**

There are no such non-controlling interests for any subsidiaries that are material to the Group.

(c) Interests in associates and joint ventures

The associates and joint ventures of the Group as at 31 December 2022 are set out below.

The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

| Associate Name | Ownership % | Country of Incorporation |
|---|--------------------|---------------------------------|
| Wick Farm Grid Limited | 50.0% | UK |
| Tolerantdiagonal - Lda | 50.0% | Portugal |
| Terrer Renovables, S.L. | 29.6% | Spain |
| Ptsunhydrogen IV, LDA | 50.0% | Portugal |
| Ptsunhydrogen III, LDA | 50.0% | Portugal |
| Ptsunhydrogen II, LDA | 50.0% | Portugal |
| Olmedo Renovables 400 kV, A.I.E. | 30.2% | Spain |
| LSBPDG - Sociedade de Produção De Energia, Limitada | 50.0% | Portugal |
| Lightsource BP Hassan Allam Holdings B.V. | 50.0% | Netherlands |
| Lightsource BP Hassan Allam Developments for Renewable Energy S.A.E | 50.0% | Egypt |
| Green Growth Feeder Fund Pte. Ltd | 50.0% | Singapore |
| Gómez Narro Renovables 132 kV, A.I.E | 45.5% | Spain |
| Gestión Rueda Promotores, S.L. | 47.9% | Spain |
| Expansion Habit, S.L.U. | 49.0% | Spain |
| EverSource Management Holdings | 50.0% | Mauritius |
| Dapsun - Investimentos e Consultoria, LDA. | 50.0% | Portugal |
| Colectora Hiberus-Libienergy, S.L. | 50.0% | Spain |
| Coherent Modernity Lda | 50.0% | Portugal |
| Ateca Renovables, S.L. | 50.0% | Spain |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

33 Parent company guarantees

The following companies have taken the advantage of the exemption from audit under S479A of the Companies Act 2006. Accordingly, as the ultimate parent undertaking, Lightsource BP Renewable Energy Investments Limited has consented to the exemption and in accordance with S479C of the Companies Act 2006, has guaranteed all outstanding liabilities of the following companies as at 31 December 2022 until they are satisfied in full:

| Registration | Company | Registration | Company |
|--------------|--|--------------|--|
| 10946441 | Lightsource Grace 1 Limited | 9723066 | Lightsource Renewable Taiwan UK Holdings Limited |
| 10948970 | Lightsource Grace 2 Limited | 8945965 | Lightsource Renewable UK Development Limited |
| 11271138 | Lightsource Grace 3 Limited | 8767263 | Lightsource SPV 112 Limited |
| 9210906 | Lightsource Viking 2 Limited | 8760228 | Lightsource SPV 116 Limited |
| 9732204 | Lightsource Bodegas 2 Limited | 9733003 | Lightsource SPV 223 Limited |
| 8756900 | Lightsource Brazil Holdings 1 Limited | 8766219 | Lightsource SPV 138 Limited |
| 9731506 | Lightsource Brazil Holdings 2 Limited | 8924915 | Lightsource SPV 149 Limited |
| 7957109 | Lightsource Construction Management Limited | | |
| 8009598 | Lightsource Egypt Holdings Limited | 8925032 | Lightsource SPV 154 Limited |
| 9737570 | Woolooga HoldCo 1 Limited | 8934841 | Lightsource SPV 171 Limited |
| 9737666 | West Wyalong HoldCo 1 Limited | 9731622 | Lightsource SPV 217 Limited |
| 10295360 | LL Property Services Limited | 8936354 | Lightsource SPV 182 Limited |
| 9722992 | Lightsource Impact 2 Limited | 8938754 | Lightsource SPV 189 Limited |
| 7957020 | Lightsource India Holdings (Mauritius) Limited | 8945292 | Lightsource SPV 206 Limited |
| 7985177 | Lightsource India Investments (UK) Limited | 9732796 | Lightsource SPV 222 Limited |
| NI628492 | Lightsource Renewable Energy (NI) Limited | 7957081 | Lightsource SPV 47 Limited |
| 9722678 | Lightsource Renewable Energy Asia Pacific Holdings Limited | 9723133 | Lightsource SPV 259 Limited |
| 9731493 | Lightsource Renewable Energy Greece Holdings (UK) Limited | 9731195 | Lightsource SPV 216 Limited |
| 9731445 | Lightsource Renewable Energy Iberia Holdings Limited | 7957073 | Lightsource SPV 60 Limited |
| 8751689 | Lightsource Renewable Energy Italy Holdings Limited | 9722724 | Lightsource Titan Limited |
| 9713955 | Lightsource Renewable Energy Moristel Limited | 8946327 | Lightsource Trading Limited |
| NI634676 | Lightsource SPV 266 (NI) Limited | 10495318 | Lightsource India Limited |
| 8275681 | Lightsource Renewable Services Limited | 9294289 | Lightsource Asset Management Limited |
| 10849889 | Lightsource Holdings 3 Limited | | |

Financial Statements

Notes forming part of the consolidated financial statements

For the year ended 31 December 2022 (continued)

33 Parent company guarantees (continued)

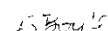
| Registration | Company | Registration | Company |
|--------------|--|--------------|---|
| 9723166 | Lightsource Renewable Energy Poland Projects 1 Limited | 9722641 | Lightsource Trinidad Holdings (UK) Limited |
| 9722805 | Lightsource Renewable Energy Portugal Holdings Limited | 8760287 | Lightsource Labs Holdings Limited |
| 9723132 | Lightsource Renewable Energy Portugal Projects 1 Limited | 12028975 | Tiln Connections Ltd |
| 9723238 | Lightsource Renewable Energy Portugal Projects 2 Limited | 10495284 | Lightsource India Holdings Limited |
| 9723077 | Lightsource Renewable Energy Verdejo Limited | 13071786 | Lightsource Iberia Project Holdings Limited |
| 8938959 | Lightsource SPV 192 Limited | 9723114 | Lightsource Iberia Greenfield Holdings Limited |
| 8938960 | Lightsource SPV 191 Limited | 12119398 | Lightsource Finca Limited |
| 7744337 | Lightsource Residential Rooftops Limited | 9727152 | Lightsource Elk Hill 2 Solar Limited |
| 9783802 | Lightsource Residential Rooftops (PPA) Limited | 10853937 | Lightsource Development Services Limited |
| 9723240 | Lightsource Renewable Global Development Limited | 9723416 | Lightsource Corinthian Limited |
| 9722491 | Lightsource Renewable Energy Tempranillo Limited | 13070907 | Lightsource Bodegas 3 Limited |
| 9732483 | Lightsource Renewable Energy Poland Projects 2 Limited | 11921821 | Lightsource Asset Holdings 3 Limited |
| 9722926 | Lightsource Renewable Energy Greece Projects 2 Limited | 11921264 | Lightsource Asset Holdings 2 Limited |
| 9959973 | Lightsource Renewable Energy (India) Limited | 11920750 | Lightsource Asset Holdings 1 Limited |
| 12095665 | Lightsource Property Investments 1 Ltd | 11981414 | Lightsource Asset Holdings (USA) Limited |
| 12095551 | Lightsource Property Investment Holdings Ltd | 10853876 | Lightsource Asset Holdings (UK) Limited |
| 10469241 | Lightsource Property 2 Limited | 12302443 | Lightsource Asset Holdings (Europe) Limited |
| 10467407 | Lightsource Property 1 Limited | 11981401 | Lightsource Asset Holdings (Australia) Limited |
| 10856046 | Lightsource Operations Services Limited | 12303864 | Lightsource Asset Holdings (Spain) Limited |
| 10857410 | Lightsource Operations 3 Limited | 10736798 | Lightsource Renewable Energy India Assets Limited |
| 10855972 | Lightsource Operations 2 Limited | 8761250 | Lightsource Commercial Rooftops Limited |
| 13077164 | Lightsource Manzanilla Limited | 9732328 | Lightsource Australia FinCo Holdings Limited |

Financial Statements
Company balance sheet
at 31 December 2022

| Company number 09494479 | Note | 2022 £000 | 2022 £000 | Restated 2021 £000 | Restated 2021 £000 |
|--------------------------------------|-------------|----------------------|----------------------|-----------------------------------|-----------------------------------|
| Non-current assets | | | | | |
| Investment in subsidiaries | 2 | 97,854 | | 97,854 | |
| Current assets | | | | | |
| Receivables | 3 | 189,411 | | 216,307 | |
| Cash and cash equivalents | | 11,686 | | 75 | |
| Total current assets | | | 201,097 | | 216,382 |
| Total assets | | | 298,951 | | 314,236 |
| Current liabilities | | | | | |
| Payables | 4 | 7,791 | | 793 | |
| Total current liabilities | | 7,791 | | 793 | |
| Non-current liabilities | | | | | |
| Borrowings | | - | | - | |
| Total non-current liabilities | | | - | | - |
| Total liabilities | | | 7,791 | | 793 |
| Net assets | | | 291,160 | | 313,443 |
| Equity | | | | | |
| Issued share capital | 5 | | 16 | | 16 |
| Share premium account | 6 | | 176,108 | | 176,108 |
| Other reserves | 6 | | (4,307) | | (4,305) |
| Retained earnings | 6 | | 119,343 | | 141,624 |
| Total Shareholders' funds | | | 291,160 | | 313,443 |

The Company has taken advantage of the exemption under S408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The loss for the year of the Company, after tax and before dividends paid, was (£3,281k) (year ended 31 December 2021: loss of (£108k)).

The financial statements on pages 102 to 108 were approved by the Board on 19 July 2023 and are signed on their behalf by:



N Boyle
Director

Financial Statements

Company statement of changes in equity
for the year ended 31 December 2022

| | Share capital £000 | Share premium £000 | Other reserves £000 | Retained earnings £000 | Total £000 |
|--|--------------------------|--------------------------|---------------------------|------------------------------|----------------|
| Balance at 1 January 2021 | 16 | 176,108 | (4,305) | 141,732 | 313,551 |
| Loss for the year | - | - | - | (108) | (108) |
| Other comprehensive expense | - | - | - | - | - |
| Total comprehensive expense for the year | - | - | - | (108) | (108) |
| At 31 December 2021 | 16 | 176,108 | (4,305) | 141,624 | 313,443 |
| Loss for the year | - | - | - | (3,281) | (3,281) |
| Other comprehensive expense | - | - | (2) | - | (2) |
| Total comprehensive expense for the year | - | - | (2) | (3,281) | (3,283) |
| Dividends paid | - | - | - | (19,000) | (19,000) |
| At 31 December 2022 | 16 | 176,108 | (4,307) | 119,343 | 291,160 |

Other reserves for the Company comprise of: (£7,634k) distributable reserves (31 December 2021: (£7,634k)); and £3,327k capital redemption reserve (31 December 2021: £3,329k).

Financial Statements
Notes forming part of the company financial statements
for the year ended 31 December 2022

1 Significant accounting policies

1.1 Basis of preparation

The Company financial statements have been prepared in accordance with Financial Reporting Standard 102: Reduced Disclosure Framework ("FRS 102") and the Companies Act 2006.

For all periods up to and including the year ended 31 December 2021 the Company prepared its financial statements in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). These financial statements for the year ended 31 December 2022 are the first the Company has prepared in accordance with FRS 102.

The Directors have assessed the impact of the adoption of FRS 102 for the Company and have concluded that there are no material adjustments to disclose in relation to this transition.

The financial statements have been prepared on a historical cost basis, are presented in pounds sterling and all values are rounded to the nearest thousand (£000), except when otherwise indicated.

1.2 Going concern

The directors have at the date of approving these financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. This expectation was based on various sensitivity analysis on equity and liquidity forecasts as well as covenant compliance tests which yielded positive projections. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

(a) Investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the Directors, there has been impairment to their value, in which case they are written down to their recoverable amount.

(b) Financial assets and liabilities

The Company's financial assets and liabilities mainly comprise cash, borrowings, other receivables, and other payables.

Other receivables are not interest bearing and are stated at their amortised cost as reduced by appropriate allowances for irrecoverable amounts or additional costs required to effect recovery.

Other payables are not interest bearing and are stated at their amortised cost.

Financial Statements

Notes forming part of the company financial statements
for the year ended 31 December 2022 *(continued)*

1 Significant accounting policies *(continued)***(c) Taxation**

Current tax is the expected tax payable on the taxable income for the year, together with any adjustments to tax payable in respect of previous years.

(d) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Proposed but unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(e) Disclosure exemptions adopted

In preparing these financial statements the Company has taken advantage of disclosure exemptions conferred by FRS 102. Therefore, these financial statements do not include:

- Certain disclosures regarding the Company's capital
- A statement of cash flows
- The effect of future accounting standards not yet adopted
- The disclosure of the remuneration of key management personnel; and
- Disclosure of related party transactions with other wholly owned members of the Group headed by Lightsource bp Renewable Energy Investments Limited.

In addition, and in accordance with FRS 102 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Lightsource bp Renewable Energy Investments Limited. These financial statements do not include certain disclosures in respect of:

- Impairment of assets
- Disclosures required in relation to financial instruments and capital management

(f) Judgements and key areas of estimation uncertainty

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The principal use of estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relates to the potential impairment of the carrying value of investments.

The Company assesses at each reporting date whether there is an indication that its investments may be impaired. In undertaking such an impairment review, estimates are required in determining an asset's recoverable amount; those used are shown in Note 16 of the consolidated financial statements. These estimates include the asset's future cash flows and an appropriate discount to reflect the time value of money. The range of estimates reflects the relative risk profiles of the relevant cash generating units.

Financial Statements
Notes forming part of the company financial statements
for the year ended 31 December 2022 (*continued*)

2 Investment in subsidiaries

| | Shares in subsidiary undertakings £000 |
|--|---|
| <i>Cost</i> | |
| At 1 January 2021 and 31 December 2021 | 97,854 |
| | <hr/> |
| At 31 December 2022 | 97,854 |
| | <hr/> |
| <i>Provision for impairment</i> | |
| At 1 January 2021, 31 December 2021 and 31 December 2022 | - |
| | <hr/> |
| <i>Net book value</i> | |
| At 31 December 2022 | 97,854 |
| | <hr/> |
| At 31 December 2021 | 97,854 |
| | <hr/> |

Details of the Company's subsidiaries are shown in Note 32 of the consolidated financial statements.

Financial Statements

Notes forming part of the company financial statements
for the year ended 31 December 2022 (*continued*)

3 Receivables

| | 2022 | 2021 |
|---|----------------|----------------|
| | £000 | £000 |
| Amounts owed by subsidiary undertakings | 189,395 | 213,239 |
| Other receivables | 16 | 3,068 |
| Total | 189,411 | 216,307 |

All amounts shown under receivables fall due for payment within one year.

The amounts owed by subsidiary undertakings are unsecured, with no interest, repayable on demand.

4 Payables

| | 2022 | 2021 |
|--|--------------|------------|
| | £000 | £000 |
| Amounts due to subsidiary undertakings | 7,782 | 560 |
| Other payables | 9 | 233 |
| Accruals and deferred income | - | - |
| Total | 7,791 | 793 |

The amounts due to subsidiary undertakings are unsecured, with no interest, repayable on demand.

Financial Statements
Notes forming part of the company financial statements
for the year ended 31 December 2022 *(continued)*

5 Share capital

| | Allotted, called up and fully paid | | | |
|------------------------------------|------------------------------------|-------------------|--------------|--------------|
| | 2022 Number | 2021 Number | 2022 £000 | 2021 £000 |
| 'A' ordinary shares of £0.001 each | 13,245,106 | 13,245,106 | 13 | 13 |
| 'C' ordinary shares of £0.001 each | 479,270 | 479,270 | 1 | 1 |
| 'D' ordinary shares of £0.001 each | 309,960 | 309,960 | - | - |
| 'E' ordinary shares of £0.001 each | 747,956 | 747,956 | 1 | 1 |
| 'F' ordinary shares of £0.001 each | 770,383 | 770,383 | 1 | 1 |
| 'G' ordinary shares of £0.001 each | 229,196 | 229,196 | - | - |
| Total | 15,781,871 | 15,781,871 | 16 | 16 |

Every holder of Ordinary A shares, Ordinary C shares and Ordinary F shares have one vote for every share for which they are the holder. The Ordinary D shares, Ordinary E shares and Ordinary G shares carry no voting rights.

No shares were issued in the year (31 December 2021: Nil).

No shares were repurchased during the year (31 December 2021: Nil).

6 Reserves

Share premium, other reserves, and retained earnings represent balances conventionally attributed to those descriptions.

Other reserves for the Company comprise of: (£7,634k) distributable reserves (31 December 2021: (£7,634k)); and £3,327k capital redemption reserve (31 December 2021: £3,329k).

The Directors have proposed that there will be £nil final dividend in respect of this year ended 31 December 2022 (31 December 2021: £19,000).

7 Related party transactions

Transactions with other Group companies have not been disclosed as permitted by FRS 102, as the Group companies are wholly owned.

8 Contingent liabilities

There were no contingent liabilities at year end

9 Post balance sheet events

There were no post balance sheet events.