PRIME ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

CONTENTS **PAGE**

Company information 1

Report of the directors 2 - 3

Statement of directors' responsibilities 4

Report of the independent auditor 5 - 7

Financial statements:

Statement of profit or loss and other comprehensive income 8

Statement of financial position 9

Statement of changes in equity 10

Statement of cash flows 11

Notes to the Financial Statements 12 - 37

COMPANY INFORMATION

BOARD OF DIRECTORS	: Ndamutsa Thaddee Rusera Sandy : Daniel James Kinder : Cherno Gaye : Juru Nsano Joe : Jean Damascène Niyongabo
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Prime Energy Plc : Kigali Alliance Business Center : P.O. Box 1167 : Kigali : Rwanda
INDEPENDENT AUDITOR	: BDO East Africa (Rwanda) Ltd : Certified Public Accountants Rwanda : Career Centre Building, 8th Floor : KG 541 St : P.O. Box 6953 : Kigali : Rwanda
PRINCIPAL BANKERS	: Bank of Kigali Plc : P.O. Box 175 : Kigali : Rwanda
	: I & M Bank (Rwanda) Plc : P.O Box 354 : Kigali : Rwanda
	: Access Bank (Rwanda) Plc : P.O. Box 2059 : Kigali : Rwanda

REPORT OF THE DIRECTORS

The directors submit the annual report and financial statements for the year ended 31 December 2025, which present the financial position as at 31 December 2025 and their of financial performance and cash flows for the year then ended.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of generation and sale of electricity.

BUSINESS REVIEW

During the year ended 31 December 2025, the total turnover of the company increased from Rwf.5,283,903 ('000) to Rwf 5,904,651 ('000).
The profit before tax decreased from Rwf 2,357,765 ('000) to Rwf 1,375,273 ('000)

KEY PERFORMANCE INDICATORS	2025	2024
Revenue (Rwf'000)	3,576,091	3,835,747
Gross profit (Rwf'000)	3,174,862	3,551,433
Gross profit margin (%)	89%	93%
Profit before tax (Rwf'000)	1,375,273	2,357,765

SHARE CAPITAL

The authorized and called up share capital of the company is Rwf 500 million (2024: Rwf. 500 million) representing 100 (2024: 100) ordinary shares of Rwf 5,000,000 (2024: Rwf 5,000,000) each.

SHAREHOLDING

Name	Number of shares	Percentage %
Prime Energy Holdings Limited	100	100

DIVIDEND

The directors propose a final dividend of Rwf. 15,000,000 per share for 2025 (2024:Nil), amounting to a total of Rwf 1,500,000,000 for each year 2025 (2024:Nil).

During the year, a partial payment of Rwf 300,000,000 was made toward this distribution, with the remaining balance of Rwf 700,000,000 recognized as a dividend payable as of the reporting date (2024: Nil).

DIRECTORS

The directors who held office during the year and to the date of this report is shown on page 1.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

(a) there is, so far as the person is aware, no relevant audit information of which the company's auditor is unaware; and

(b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

The company's auditor, BDO East Africa (Rwanda) Ltd, was appointed during the year in accordance with the Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the Law No 019/2023 of 30/03/2023 and has expressed its willingness to continue in office in accordance with the Rwandan Companies Act.

BY ORDER OF THE BOARD

Approved by the board of directors on _____ 2026 and signed on its behalf by:

Ndamutsa Thaddee Rusera Sandy

prime energy
Po Box: 1167 Kigali - Rwanda
www.primeenergyltd.com
TEL: +250 (0) 788338888

Juru Nsano Joe

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company, that disclose with reasonable accuracy the financial position of the company and that enables them to prepare financial statements of the company that comply with the IFRS® Accounting Standards and the requirements of the Law No. 007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023 . The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Law No. 007/2021 of of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023. They also accept responsibility for:

i) designing, implementing and maintaining 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;
ii) selecting and applying appropriate accounting policies; and
iii) making accounting estimates and judgements that are reasonable in the circumstances.

The directors confirm that the financial statements give a true and fair view of the financial position of the company as at 31 December 2025 and of the company's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Law No.007/2021 of 05/02/2021 governing companies in Rwanda as modified and complemented to date by the Law No 019/2023 of 30/03/2023.

In preparing these financial statements the directors have assessed the and company's ability to continue as a going concern as set out in Note 1(a) to the financial statements. The directors are of the opinion that the group and its subsidiaries will remain a going concern for at least the next twelve months from the date of this statement based on the factors described in Note 1(a).

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

So far as each of the directors is aware, there is no relevant audit information which the auditor is unaware of, and each of the directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Board of Directors on 30/04/ 2026 and signed on its behalf by:

Ndamutsa Thaddee Rusera Sandy

prime energy
Po Box: 1167 Kigali - Rwanda
www.primeenergyltd.com
TEL: +250 (0) 788338888

Juru Nsano Joe

Tel: +250 738 304070
Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

BDO East Africa (Rwanda) Ltd
Career Center Building, 8th Floor
KG 541st Road, P.O. Box 6593
Kigali, Rwanda

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Prime Energy Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Prime Energy Plc "the Company", which comprise:

- the statement of financial position as at December 31, 2025,
- the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and the requirements of Rwanda Companies Act Law no 007/2021 of 05/02/2021 governing companies in Rwanda as amended by the Law No 019/2023 of 30/03/2023.

Basis for Opinion

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

Key audit matter

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and are selected from matters communicated with those charged with governance. We have determined that there are no Key Audit Matters to communicate in our report.

Other Information

Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors and Statement of Directors' Responsibilities but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the 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.

Tel: +250 738 304070
Tel: +250 788 309225
rwanda@bdo-ea.com
www.bdo-ea.com

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KG 541st Road, P.O. Box 6593
Kigali, Rwanda

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 in this regard.

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

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines 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, Directors are responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs 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. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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rwanda@bdo-ea.com
www.bdo-ea.com

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Rwanda Companies Act we report to you, based on our audit, that:

- We have no relationship, interest or debt with Company. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), which includes comprehensive independence and other requirements.
- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as our examination of those books appears.
- We have communicated with those charged with governance our significant audit findings, and significant deficiencies in internal control that we identified during our audit.
- According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the financial statements comply with Rwanda Companies Act.

BDO East Africa (Rwanda) Ltd
Certified Public Accountants
Career Center Building, 8th Floor
KG 541st, P.O Box 6593
Kigali, Rwanda

BDO EA RWANDA Ltd
Tel:+250 788309225
+250 738304070
P.O Box 6593 Kigali,Rwanda

CPA Clément Niyitekega Egide Kabano
PC/CPA 0228/0081
Engagement Partner

Date: 30 April **2026**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2025 Rwf '000	2024 Rwf' 000
Revenue	3	3,576,091	3,835,747
Direct costs	4	(401,229)	(284,314)
Gross profit		3,174,862	3,551,433
Other income	5	161,074	300
Administration expenses	6	(809,531)	(504,744)
Operating expenses	8	(24,991)	(29,003)
Other expenses	9	152,364	(152,364)
Operating profit		2,653,778	2,865,622
Finance costs	10	(1,278,505)	(507,857)
Profit before tax		1,375,273	2,357,765
Tax charge	11(i)	(480,061)	(478,622)
Profit for the year attributable to owners of the company		895,212	1,879,143

STATEMENT OF FINANCIAL POSITION

Assets	Notes	2025 Rwf '000	2024 Rwf' 000
Non-current assets			
Property and equipment	16	6,079	3,201
Right-of-use-assets	17	55,779	-
Intangible asset	18	28,497	30,173
Deferred tax	13	352,114	382,602
Financial asset	22	3,005,971	4,438,061
Investment in government and other securities	21	2,291,390	1,735,000
Long term investments in related company	24	12,695,426	12,695,426
Long-term receivables from related parties	25	377,455	601,187
		18,812,711	19,885,650
Current assets			
Financial asset	22	837,493	1,143,498
Trade and other receivables	19	1,155,335	1,282,863
Cash and bank balances	20	689,432	114,119
Receivables from related parties	25	1,015,647	1,026,175
		3,697,907	3,566,655
Total Assets		**22,510,618**	**23,452,305**
Equity and Liabilities			
Equity			
Share capital		500,000	500,000
Retained earnings		11,485,476	12,090,264
		11,985,476	12,590,264
Non-current liabilities			
Borrowings	12	7,616,411	8,620,733
Lease liabilities	15	43,476	-
		7,659,887	8,620,733
Current liabilities			
Dividend payable	14	700,000	-
Borrowings	12	1,005,696	930,837
Lease liabilities	15	18,768	-
Trade and other payables	23	1,073,206	1,192,011
Payables to related parties	25	1,000	1,000
Current tax payable	11	66,584	117,460
Total Liabilities		2,865,254	2,241,308
Total Equity and Liabilities		**22,510,618**	**23,452,305**

The financial statements on pages 8 to 37 which were prepared on a going concern basis were approved and authorised for issue by the Board of Directors on _____ 2026 and were signed on its behalf by:

Ndamutsa Thaddee Rusera Sandy **Juru Nsano Joe**

prime energy
Po Box: 1167 Kigali - Rwanda
www.primeenergyltd.com
TEL: +250 (0) 788338888

STATEMENT OF CHANGES IN EQUITY

	Ordinary share capital Rwf '000	Retained earnings Rwf '000	Proposed dividends Rwf '000	Total Rwf '000
Year ended 31 December 2024				
At start of year	500,000	10,211,121	-	10,711,121
Profit for the year	-	1,879,143	-	1,879,143
At end of year	500,000	12,090,264	-	12,590,264
Year ended 31 December 2025				
At start of year	500,000	12,090,264	-	12,590,264
Profit for the year	-	895,212	-	895,212
Transactions with owners				
Dividends:				
Final for 2025 (proposed)	-	-	(1,500,000)	(1,500,000)
Final for 2025 (paid)	-	(800,000)	800,000	-
At end of year	500,000	12,185,476	(700,000)	11,985,476

STATEMENT OF CASHFLOWS

	Notes	2025 Rwf '000	2024 Rwf' 000
Cash flows from operating activities			
Profit before tax		1,375,273	2,357,765
Adjustment for:			
Depreciation on property and equipment	16	3,426	2,236
Amortization of intangible assets	18	1,677	1,677
Depreciation on right-of-use assets	8	18,593	-
Interest on lease liability	15	12,346	-
Interest expense	12	1,256,880	127,934
Changes in working capital:			
- Trade and other receivables		127,528	(237,359)
- Trade and other payables		(118,805)	460,871
- Related party	25	234,260	3,984,104
Tax paid	11	(500,449)	(763,804)
Net cash flows generated from operating activities		2,410,729	5,933,424
Cash flows used in investing activities			
Movement in financial assets	22	1,738,094	662,207
Purchase of property and equipment	16	(6,304)	(2,650)
New preference shares	24	-	(12,695,426)
Investment in Government and other securities	20	(556,390)	(1,735,000)
Cash paid for purchase of right-of-use assets	17	(74,372)	-
Net cash flows used in investing activities		1,101,028	(13,770,869)
Cash flows used in financing activities			
Proceeds from issue of greenbond	12	-	9,500,000
Repayment of borrowings - Greenbond	12	(879,266)	-
Repayment of borrowings - Bank of Kigali Plc	12	-	(878,864)
Payments of principal portion of the lease liability	15	62,243	-
Interest paid on lease liabilities	15	(12,346)	-
Interest paid on borrowings - Greenbond	15	(1,256,880)	-
Interest paid on borrowings - Bank of Kigali Plc	12	-	(127,934)
Dividends proposed		(500,000)	-
Dividends paid		(300,000)	-
Net cash flows (used in) /generated from financing activities		(2,886,249)	8,493,202
Increase in cash and cash equivalents		625,508	655,757
Movement in cash and cash equivalents			
At start of year		62,549	(593,208)
(Decrease)/increase in cash and cash equivalents		625,508	655,757
At end of year	20	688,058	62,549

NOTES

1. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policy information considered material in the preparation of these financial statements is set out below. The accounting policy information has been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Law Governing Companies No. 007/2021 of 05/02/2021 as modified and complemented to date by the Law No 019/2023 of 30/03/2023. The statement of profit or loss represents the profit and loss account referred to in the Law. The statement of financial position represents the balance sheet referred to in the Law.

a) Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these financial statements and the Law No 007/2021 of 05/02/2021 as modified and complemented to date by the Law No 019/2023 of 30/03/2023 governing companies in Rwanda.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rwanda Francs, which is the company's functional currency.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

The financial performance of the company is set out in the report of the directors and in the statement of profit or loss and other comprehensive income. The financial position of the company is set out in the statement of financial position. Disclosures in respect of risk and capital management are set out in note 2.

Based on the financial performance and position of the company and its risk management policies, the directors are of the opinion that the company is well placed to continue in business for the foreseeable future and, as a result the financial statements are prepared on a going concern basis.

i) New and amended standards adopted by the company

The company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2025. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not vet effective.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a) Basis of preparation (continued)

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policy information and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
The amendments have had an impact on the company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the company's financial statements.

Amendments to IAS 8 'Definition of Accounting Estimates'

The amendments introduce a definition of 'accounting estimates' and clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.
The amendments had no impact on the company's financial statements.

Amendments to IAS 12 'Deferred Tax Related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.
The amendments had no impact on the company's financial statements.

Amendments to IAS 21 'Lack of Exchangeability' (issued in August 2023)
The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.
The amendments had no impact on the company's financial statements.

ii) New standards, amendments and interpretations issued but not effective

At the date of authorization of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- Amendments to IAS 7 *'Statement of Cash Flows'* (issued in July 2024), effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended paragraph 37 of IAS 7 to replace the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.
- Amendments to IAS 21 *'Translation to a Hyperinflationary Presentation Currency '* (issued in November 2025), effective for annual periods beginning on or after 1 January 2027, with earlier application permitted, require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a) Basis of preparation (continued)

ii) New standards, amendments and interpretations issued but not effective (continued)

- If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

- An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

- If an entity's functional currency and presentation currency are the currency of a hyperinflationary economy (or are the currencies of different hyperinflationary economies) and it translates the results and financial position of foreign operations whose functional currency is that of a non-hyperinflationary economy, then it is required to apply the amendments from the beginning of the annual reporting period in which it first applies the amendments. In addition, it restates the comparative amounts of its foreign operations included in the entity's previously issued financial statements by applying the general price index it applies to corresponding figures in accordance with paragraph 34 of IAS 29.
  The amendments also introduce certain additional disclosure requirements.

- Amendments to IFRS 1 *'First-time Adoption of International Financial Reporting Standards'* (issued in July 2024), effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended paragraphs B5 and B6 of IFRS 1 to include cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of IFRS 9. These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
- Amendments to IFRS 7 *'Financial Instruments: Disclosures'* (issued in July 2024), effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, updated the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement.
  The amendments to paragraph G1 of the Guidance on implementing IFRS 7 clarify that the guidance does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7, nor does it create additional requirements.
  The amendments also clarify the disclosure of deferred difference between fair value and transaction price. Paragraph G14 of the Guidance on implementing IFRS 7 has been amended mainly to make the wording consistent with the requirements in paragraph 28 of IFRS 7 and with the concepts and terminology used in IFRS 9 and IFRS 13.
  The amendments also clarify the credit risk disclosures. Paragraph G20B of the Guidance on implementing IFRS 7 has been amended to simplify the explanation of which aspects of the IFRS requirements are not illustrated in the example.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a) Basis of preparation (continued)

ii) New standards, amendments and interpretations issued but not effective (continued)

- Amendments to IFRS 9 and IFRS 7 *'Classification and Measurement of Financial Instruments'* (issued in May 2024), effective for annual periods beginning on or after 1 January 2026, clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.
  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments.
  They also require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value

- Amendments to IFRS 9 *'Financial Instruments'* (issued in July 2024), effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted, amended Paragraph 2.1 of IFRS 9 to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9.
  The amendments also replace reference to 'transaction price as defined by IFRS 15 Revenue from Contracts with Customers' in paragraph 5.1.3 of IFRS 9 with 'the amount determined by applying IFRS 15'. The use of the term 'transaction price' in relation to IFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of IFRS 9.

- IFRS 18 *'Presentation and Disclosure in Financial Statements'* (issued in April 2024), replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals.
  Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.
  The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.
  In addition, narrow-scope amendments have been made to IAS 7 'Statement of Cash Flows', which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends
- Some requirements previously included within IAS 1 have been moved to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', which has been renamed IAS 8 Basis of Preparation of Financial Statements'. IAS 34 'Interim Financial Reporting' has also been amended to require disclosure of MPMs.
  IFRS 18, and the amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed.
  The group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

a) Basis of preparation (continued)

ii) New standards, amendments and interpretations issued but not effective (continued)

Except where indicated above, the directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The company plans to apply the changes above, if applicable, from their effective dates.

b) Significant accounting judgements, estimates and assumptions

The preparation of the group financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to estimates are recognized prospectively.

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- **Measurement of expected credit losses (ECL):**

The measurement of the expected credit loss allowance for financial assets measured at amortized cost and FVTOCI is an area that requires the use of complex models and significant assumption about future economic conditions and credit behavior.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

ECLs are measured as the probability-weighted present value of expected cash shortfall over the remaining expected life of the financial instrument.
The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

- Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.
- Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded.
  In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.
- Stage 3 - When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.
For trade receivable, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss is recognized on the basis of a provisional matrix.

Provision for expected credit losses of trade receivables
The company makes a provision on overdue receivables using a provision matrix to calculate ECLs for trade receivables.

The provision rates are based on days past due for groupings of various customer segments that have similar. loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted.
At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.
The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amounts of the company's financial assets that are subject to impairment assessment are disclosed in note 11 and 12.

- **Useful lives, depreciation methods and residual values of property and equipment and right-of-use assets**
  Management reviews the useful lives, depreciation methods and residual values of the items of property and equipment and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property and equipment and right-of-use assets are disclosed in notes 9 and 10, respectively.
- **Accounting for leases under IFRS 16**
  Management has made various judgements and estimates under IFRS 16 as detailed below:
- **Incremental borrowing rate:** To determine the incremental borrowing rate, the company:
  - where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
  - uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
  - makes adjustments specific to the lease, e.g.. term, country, currency and security.
- **Lease term/period**: In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

b) Significant accounting judgements, estimates and assumptions (continued)

- **Accounting for leases under IFRS 16(continued)**

For leases of land the following factors are the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and vehicles leases have not been included in the lease liability, because the company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

- **Taxes**

  Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the company's activities.
The company recognizes revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognized is the amount the company expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Sale of services are recognized upon performance of the services rendered by reference to the stage of completion of the service contract.

d) Property and equipment

All property and equipment is initially recognized at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

d) Property and equipment (continued)

Capital work in progress is not depreciated.

Depreciation is calculated on straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate %
Computer and computer software	50.00
Energy generation license	25.00
Motorcycle	25.00

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss.
On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

e) Financial instruments

Financial instruments are recognized when, and only when, the company becomes party to the contractual provisions of the instrument.

- Green Bond utilization

1. To invest in the construction of Rukarara VI -a new 9.7 MW capacity hydropower plant located in Nyamagabe district .
2. Maintenance capex for existing power plant under a concession agreement - Rukarara II, Mukungwa II, Gisenyi II and Gashashi.

- Financial assets

All financial assets are recognized initially using the trade date accounting which is the date the company commits itself to the purchase or sale.
The company classifies its financial assets into the following categories:

i) Amortized cost

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss(FVTPL) are classified and measured at amortized cost; the carrying amount of these assets is adjusted by any expected credit loss allowance recognized and measured.

At initial recognition of a financial asset, the company determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting year to determine whether the business models have changed since the preceding year. For the current and prior reporting year the company has not identified a change in its business models.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) Financial instruments (continued)

Derecognition/write off

Financial assets are derecognized when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.
When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.
Financial instruments that are subsequently measured at amortized cost are subject to impairment.

ii) Impairment

The company recognizes loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortized cost or at fair value through other comprehensive income (FVTOCI):
- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognized on investments measured at FVTPL.
The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:
- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial

Instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognized in profit or loss as impairment gains or losses.
Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. Twelve-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.
Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

e) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities include trade and other payables, and loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

f) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in the other comprehensive income or equity. In this case the tax is also recognized in other comprehensive income or equity.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilized.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using fair value model, the carrying amounts of such properties are presumed to be recoverable entirely through sale unless presumption is rebutted. The presumption is rebutted when the investment property is depreciable and held within a business model whose objective is to consume substantially all its economic benefits embodied in it over time rather than through sale.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES (CONTINUED)

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

f) Taxation (continued)

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Value Added tax (VAT)

Expenses and assets are recognized net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity net of any tax effects.
For equity instruments issued before the entity receives cash or other resources, the company presents the amount receivable as an offset to equity.

h) Related party payables

Related party payables are initially recognized at the transaction price (less transaction cost). Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

i) Finance income and finance cost

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.
Finance cost comprises interest cost of borrowing. Foreign currency gains and losses are reported on a net basis as either finance income or finance expense depending on whether foreign currency movements are in a net gain or net loss position.

j) Retirement benefit obligations

The company and its employees contribute to a statutory defined contribution pension scheme managed by the Rwanda Social Security Board (RSSB). Contributions are determined by local statute and are currently limited to 8% of the employees' gross salary excluding transport allowances per month.
The company also contributes 0.6% per month of the employee's gross salary as maternity leave benefit. The company's pension and maternity leave benefit contributions are charged to the profit or loss in the year to which they relate.

k) Accounting for leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as a lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognizes a right of use asset and a lease liability.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

k) Accounting for leases (continued)

The company as a lessee (continued)

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone prices.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortized cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

For leases with a term, on commencements, of 12 months or less and leases for which the underlying asset is of low value, the total lease payment are recognized in profit or loss on a straight-line basis over the lease period.

l) Related party payables

Related party payables are initially recognized at the transaction price (less transaction cost). Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method.

m) Service concession arrangement

The Company has a service concession agreement with the Government of Rwanda (GoR) to upgrade, operate and transfer hydro power generation plants. Under the concession agreement, the Company will operate the power stations for 25 years after which the Company shall convey its rights, title and interest in the power station to GoR. The Company has also signed a Power Purchase Agreement (PPA) with Rwanda Energy Group (REG) Limited's subsidiary, the Energy Utility Corporation Limited (EUCL), under which it will sell the power generated at the power plant to EUCL. The terms of the concession and power purchase agreements satisfy the criteria for a service concession agreement under Section 34 - Specialized Activities - Service concession arrangements and are therefore accounted for under the interpretation.

The Company accounts for the concession arrangement under the financial asset model given that under the power purchase agreement, the Company has a right to receive payments from EUCL based on plant capacity made available rather than on power generated from the station and/or supplied to EUCL. Accordingly, the Company bears no demand risk.

The financial asset is initially recognized at fair value and classified as a receivable. Subsequently, the financial asset is measured at amortized cost using the effective interest rate (EIR). This results in the recognition of interest income (deemed interest income) in lieu of the difference between the expected future cash flows and the initial amount. Borrowing costs incurred during construction are not capitalized. Under the accounting model adopted by the Company, revenue from operation services in the form of capacity and other payments shall be recognized when the Company becomes entitled to it in accordance with the PPA.

The company recognizes a financial asset arising from a service concession arrangement to the extent that it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor, for the construction, upgrade or operation services of concession assets. Financial assets recognized as a result of the service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition, the financial asset is accounted for in accordance with Section 11 Basic Financial Instruments.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

o) Translation of foreign currency

Transaction in foreign currencies during the year are converted into Rwanda Francs (the functional currency) at the rate ruling at the transactions dates

At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetray items carried at fair value that are denominated in foreign currencies are retranslated at the rate prevailing at the date when the fair value was determined. Non-monetary items that are measured in items of historical cost in a foreign currency are not retranslated.

p) Employee benefits

The company contributes to a statutory defined contribution pension scheme, the Rwanda Social Security Board (RSSB), which manages four social benefits schemes namely Pension scheme, previously called Caisse Sociale du Rwanda (CSR), Occupation Hazard, Maternity benefits and Community-Based Health Initiative (CBHI).

The tax base for pension, occupation hazard and maternity benefits contribution is the employees's gross salary excluding transport allowances per month for maternity scheme. The tax base for CBHI is the employee's net salary.

The contribution rates are determined by the local statutes and are currently limited to 6% of the base for CSR, 2% of the base for occupation hazard, 0.3% of the tax base for maternity benefit and 0.5% of the base for CBHI.

The company 's pension, occupation hazard, maternity benefits and CBHI contribution are charged to the Statement of Comprehensive Income in the year to which they relate.

The monetary liability for the employee leave entitlement at the Statement of Financial Position date is recognized as an exepnses accrual.

q) Segmental reporting

The company determines and presents operating segments based on the information that is internally provided to the Board. An operating segment is a compenent of the company that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relates to transactions with any of the company's other components.

2 Risk management objectives and policies

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the management. The management identifies, evaluates and hedges financial risks in close co-operation with various staff in the organisation.

The Company's risk exposure to financial risk and how that is managed are set out in the table below.

Risk	Exposure arising from	Measurement	Management
Market risk –foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Rwanda Francs	Cash flow forecasting Sensitivity analysis	Holding foreign currency bank accounts which act as a natural hedge for foreign denominated purchases
Market risk– interest rate	Long term borrowings at variable and fixed rates	Sensitivity analysis	Entering into a combination of fixed and variable interest rate borrowings
Market risk–security prices	The company does not hold any financial instrument subject to price risk	Not applicable	Not applicable
Credit risk	Cash at bank Trade and other receivables	Aging analysis	Diversification of bank deposits Restriction of credit trading terms
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

2 Risk management objectives and policies (continued)

Financial risk management (continued)
(a) Market risk

Foreign exchange risk

Assets	**31-Dec-25 Rwf**	**31-Dec-24 Rwf**
Cash at bank and on hand (US Dollar)	93,514,472	89,341,176
	93,514,472	89,341,176
Liabilities		
Trade payables (US Dollar)	646,005,381	614,845,940
	646,005,381	614,845,940
Net position	**739,519,853**	**704,187,117**

Sensitivity

The company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars(USD). The risk arises from future transactions, assets and liabilities at the statement of financial position date.

(b) Credit risk

Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables. Credit risk is managed on a company basis. The company does not have any significant concentrations of credit risk.

(i) Impairment of financial assets
The amount that best represents the company's maximum exposure to credit risk at 31 December 2025 is made up as follows:

	31-Dec-25 Rwf'000	**31-Dec-24 Rwf'000**
Cash and cash equivalents	689,432	114,119
Trade and other receivables	1,155,335	1,282,863
	1,844,767	**1,396,982**

In the opinion of the management, the carrying amounts of other receivables approximate to their fair value. The carrying amounts of the company's other receivables are denominated in Rwandan francs.

NOTES (CONTINUED)

2 Risk management objectives and policies (continued)

Financial risk management (continued)

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The company ensures its inflows and outflows are matched sufficiently to minimise its exposure on liquidity risk.

Management performs cash flow forecasting and monitor rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn committed borrowing facility.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December 2025	**1 year or less Rwf '000**	**More than 1 year Rwf '000**	**Total Rwf '000**
Trade payables and other payables	1,073,206	-	1,073,206
Amounts due to related parties	1,000	-	1,000
	1,074,206	-	**1,074,206**

As at 31 December 2024	**1 year or less Rwf '000**	**More than 1 year Rwf '000**	**Total Rwf '000**
Trade payables and other payables	1,192,011	-	1,192,011
Amounts due to related parties	1,000	-	1,000
	1,193,011	-	**1,193,011**

NOTES

3 Revenue	**2025 Rwf '000**	**2024 Rwf' 000**
Electricity sales	5,904,651	5,283,903
Revenue adjustment	(5,904,651)	(5,283,903)
Construction revenue interest element	3,174,861	3,551,533
Revenue from operations and maintenance	401,230	284,214
	3,576,091	3,835,747

4 Cost of sales		
Station costs	94,712	39,093
Direct staff costs	240,519	143,003
Other direct costs	65,998	102,218
Government share of revenue	-	-
	401,229	284,314

5 Other income		
Income from government and other securities	159,803	-
Refunds	1,271	300
	161,074	300

6 Administration expenses		
Employee benefits (Note 7)	500,036	346,383
Business development	2,000	-
Professional fees	30,135	66,859
Communication expenses	13,770	14,664
Motor vehicles expenses	17,346	11,904
Bank charges	2,716	6,484
Office running expenses	243,528	37,641
Donations	-	20,809
	809,531	504,744

7 Employee benefits		
Salary and wages	426,617	318,418
Employer's pension contribution	38,746	17,204
Employer's maternity leave benefit contribution	1,453	1,032
Other staff costs	31,716	8,691
Community Based Health Insurance (CBHI) contribution	1,504	1,038
	500,036	346,383

8 Other operating expenses	2025 Rwf '000	2024 Rwf '000
Rent and rates	444	24,259
Security expense	120	200
Office utilities	683	631
Depreciation of property and equipment	3,474	2,236
Amortization of intangible assets	1,677	1,677
Depreciation of right-of-use asset	18,593	-
	24,991	29,003

9 Other expenses

Prior year tax expense	(152,364)	152,364

This amount pertains to a prior year voluntary disclosure of Corporate Income Tax adjustments resulting from tax audits for the periods 2020 and 2021. The tax authorities rectified a capital allowance expense. Management is currently seeking further counsel to re-engage the tax authority on the subject.

10 Finance costs	2025 Rwf '000	2024 Rwf '000
Overdraft interest	556	76,917
Term loan interest	-	51,017
Finance fees and commissions	7,062	9,750
Greenbond interest expense	1,256,880	217,708
Greenbond expenses	20,429	189,764
Custody fees	3,597	-
Foreign retranslation adjustment	(22,365)	(37,299)
Discounting effect from Financial asset Model	-	-
Interest on lease liability	12,346	-
	1,278,505	507,857

NOTES (CONTINUED)

11 Tax

	2025 Rwf '000	2024 Rwf '000
i) Tax charge to profit or loss		
Current tax charge	449,573	446,210
PY reversal of overprovision current tax	-	-
Deferred tax charge (Note 13)	30,488	32,412
Tax charge	480,061	478,622

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	1,375,273	2,357,765
Tax calculated at a tax rate of 15% (2024:15%)	206,291	353,665
Tax effect of:		
- expenses not deductible for tax purpose	34,198	25,627
- PY underprovision of deferred tax	1,415	-
- PY reversal of overprovision current tax	(22,855)	-
- impact of IFRIC 12 adjustment	261,012	99,330
Tax charge	480,061	478,622

Under the Law No. 06/2015 of 28/03/2015 on Investment Promotion and Facilitation, a registered investor undertaking energy generation, transmission and distribution from peat, solar, geothermal, hydro, biomass, methane and wind (excluding an investor with an engineering procurement contract from the Government) is allowed to be taxed at a preferential Corporate Income Tax rate of 15% as a special incentive.
Prime Energy Plc's principal activity is that of energy generation, transmission and distribution from Hydro power plants.

	2025 Rwf '000	2024 Rwf' 000
ii) Current tax		
At start of year	117,460	435,054
Charge for the year	449,573	446,210
Tax paid	(500,449)	(779,914)
Tax paid not yet reconciled	-	16,110
Tax payable	66,584	117,460

12 Borrowings	**2025 Rwf '000**	**2024 Rwf '000**
i) Loan from Bank of Kigali Plc		
Current		
Bank overdraft (Note 20)	1,374	51,570
Total borrowings	1,374	51,570

ii) Green bond	**2025 Rwf '000**	**2024 Rwf '000**
The loan movement is as follows:		
At start of year	9,500,000	-
Principal received during the year	-	9,500,000
Interest accrued	1,256,880	217,708
Transfer to related parties	-	-
	10,756,880	9,717,708
Repayments		
Principal repayment	(879,267)	-
Interest repayment	(1,256,880)	(217,708)
Transfer to related parties	-	-
At end of year	8,620,733	9,500,000
Current portion	1,004,322	879,267
Non-current portion	7,616,411	8,620,733

- The company issued a green bond which is a debt security to support the company's existing operations and facilitate efforts aimed at scaling its work towards providing alternative clean energy solutions and finance sustainability-related capital projects.

- The bond proceeds will finance the upgrading to existing four run-of-river hydropower plants (HPPs) Gashashi, Gisenyi and Mukungwa II totaling 8MW and business expansion through development of 10MW run-of-river Rukarara VI Project.

The facility consist of the following:

- Nominal amount: Rwf 9,500,000,000

- Tenor: 7 years

- Coupon rate : 13.75% per annum payable semi-annually

13 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 15% (2024:15%). The movement on the deferred tax account is as follows:

	2025 Rwf '000	2024 Rwf' 000
As at start of year	(382,602)	(415,014)
Charge to profit or loss (Note 11(i))	30,488	32,412
At end of year	(352,114)	(382,602)

Deferred tax assets and (liabilities), deferred tax charge/(credit) in profit and loss are attributable to the following items:

Deferred tax liability/(asset)

	At start of year Rwf '000	Credit to profit or loss Rwf '000	At end of year Rwf '000
Property and equipment			
Accelerated depreciation	(373,431)	27,041	(346,390)
Deferred tax asset			
Provisions	(1,416)	1,416	-
IFRS 16 - Right-of-use assets	-	(969)	(969)
Unrealised foreign exchange losses	(7,755)	3,000	(4,755)
	(9,171)	3,447	(5,724)
Net deferred tax liabilities/(assets)	(382,602)	30,488	(352,114)

14 Dividends

The directors propose a final dividend of Rwf.15,000,000 per share (2024: Nil) amounting to a total of Rwf.1,500,000,000 (2024:Nil). This has been recognised as a liability in these financial statements.

During the year, a partial payment of Rwf 300,000,000 was made toward this distribution, with the remaining balance of Rwf 700,000,000 recognised as a dividend payable as of reporting date.

In accordance with the Law No.007/2021 Governing Companies, these financial statements reflect the proposed and partially paid dividend, which is presented in the statement of changes in equity as an appropriation of retained profits in the year ended 31 December 2025.

15 Lease liabilities

	2025 Rwf '000	2024 Rwf' 000
Non-current	43,476	-
Current	18,767	-
At end of year	62,243	-
The total cash outflow for leases in the year was:		
Payments of principal portion of the lease liability	24,475	-
Interest paid on lease liabilities	12,346	-
	36,821	-
Reconciliation of lease liabilities arising from financing activities:		
At start of the year	-	-
Additions	74,372	-
Interest charged to profit or loss	12,346	-
Cash flows:		
- operating activities (interest paid)	-	-
- payments under leases	(24,475)	-
	62,243	-
Maturity based on the repayment structure of lease liabilities is as follows:		
Gross lease liabilities - minimum lease payments		
Not later than 1 year	18,767	-
Later than 1 year and not later than 5 years	43,476	-
Later than 5 years	-	-
	62,243	-

The company leases office under non-cancellable lease agreements. The lease payments are between 1 and 5 years, and there are no restrictions or covenants imposed by the leases on the company.

16 Property and equipment

Year ended 31 December 2025

	Motor vehicles	Motor cycles	Computer and accessories	Office furniture	Other equipment	Generators	Total
	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000	Rwf '000
Cost							
At start of year	144,305	2,467	13,415	40,236	2,187	7,776	210,386
Additions	-	1,636	4,668	-	-	-	6,304
At end of year	144,305	4,103	18,083	40,236	2,187	7,776	216,690
Depreciation							
At start of year	144,305	2,467	10,214	40,236	2,187	7,776	207,185
Charge for the year	-	63	3,363	-	-	-	3,426
At end of year	144,305	2,530	13,577	40,236	2,187	7,776	210,611
Net book value							
As at 31 December 2025	-	1,573	4,506	-	-	-	6,079
As at 31 December 2024	-	-	3,201	-	-	-	3,201

17 Right-of use assets

	2025 Rwf '000	2024 Rwf' 000
At start of year	-	-
Additions	74,372	-
Depreciation charge for the year	(18,593)	-
At end of year	55,779	-

18 Intangible asset

	Electricity generation license Rwf '000	Computer software Rwf '000	Total Rwf' 000
Cost			
At start of year	40,761	1,154	41,915
Additions	-	-	-
			-
At end of year	40,761	1,154	41,915
Amortization			
At start of year	11,495	247	11,742
Charge for the year	1,630	46	1,676
At end of year	13,125	293	13,418
Net book value			
As at 31 December 2025	27,636	861	28,497
As at 31 December 2024	29,266	907	30,173

19 Trade and other receivables	2025 Rwf '000	2024 Rwf' 000
Trade receivables	585,667	681,509
Unbilled trade receivables	473,107	534,117
Accrued interest -government and other securities	-	-
Other receivables	96,561	67,237
	1,155,335	1,282,863

20 Cash and bank balances		
Cash in hand	638	219
Cash at bank	688,794	113,900
	689,432	114,119

For the purposes of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and bank balances	689,432	114,119
Bank overdraft (Note 12)	(1,374)	(51,570)
	688,058	62,549

21 Investment in government and other securities

The Company's investments in debt securities are measured at amortized cost and consist of the following:

	2025 Rwf '000	2024 Rwf' 000
At start of year	1,735,000	-
Investments during the year:		
i) Government of Rwanda Treasury Bonds		
20-year bond (RWBO20Y000646/MN) 13.29%; maturing in December 2043	-	985,000
20-year bond (RWBO20Y000666/MMN) 13.27%; maturing in November 2044	-	750,000
20-year bond (RWBO20Y000678/MN) 13.15%; maturing in September 2045	7,000	-
ii) Corporate Bonds (Africa Medical Supplier)	100,000	-
Transfer from other financial assets	449,555	
Amortization of premium	(165)	
At end of year	2,291,390	1,735,000

22 Financial asset	2025 Rwf '000	2024 Rwf' 000
At start of year	5,581,559	6,243,766
Deemed interest income	3,174,861	3,551,533
Operating and maintenance income	401,230	284,214
Receipts	(5,314,186)	(4,497,954)
At end of year	**3,843,464**	**5,581,559**
Non-current	3,005,971	4,438,061
Current	837,493	1,143,498
	3,843,464	**5,581,559**

23 Trade and other payables

	2025 Rwf '000	2024 Rwf' 000
Trade payables	657,702	628,340
Greenbond interest payable	197,558	217,708
Other payables	217,946	345,963
	1,073,206	**1,192,011**

24 Long term Investment

Investment into Rukarara VI HPP Ltd	12,695,426	12,695,426
	12,695,426	**12,695,426**

During the year, the company invested in Rukarara VI HPP Limited through the subscription of redeemable, non-cumulative, non-voting preference shares. The investment was funded partly from proceeds of the company's green bond issuance and partly through the capitalization of intercompany balances arising from historical funding of the project.

As disclosed in the green bond prospectus, the initial intention was for the investment to be made indirectly through the common holding entity. During implementation, it was determined that a direct investment into Rukarara VI HPP Limited was more efficient from a structuring and project financing perspective. Accordingly, the proceeds were deployed directly into the project company as an redeemable equity instrument.

Management has assessed that this change does not alter the underlying use of proceeds or the economic substance of the transaction, which remains aligned with the stated purpose of financing the development of the Rukarara VI hydropower project.

25 Related party transactions and balances

The company is controlled by Prime Energy Holdings Limited incorporated in Rwanda, which owns 100% of the company's shares.

The following transactions were carried out with parties which are related by virtue of common shareholding and common directorships.

i) Receivables from related parties

	2025 Rwf '000	2024 Rwf' 000
Non-current		
Lion's Share Group (LS Group) Limited	225,534	377,587
Loan to Jean Damascène	151,921	223,600
	377,455	601,187
Current		
Prime Energy Holdings Limited	527,567	1,027,567
Rukarara VI HPP Limited	488,080	(1,392)
	1,015,647	1,026,175

- The receivables from related party are interest free, have no specific date of repayment and are unsecured. They are denominated in Rwandan Francs.

25 Related party transactions and balances (continued)

ii) Payable to related party

	2025 Rwf '000	2024 Rwf' 000
Lion's Share Group (LS Group) Limited	600	600
Jean Damascène Niyongabo	400	400
	1,000	1,000

The payables from the related parties are unsecured, interest free and have no specific dates of repayment. They are

iii) Related party transactions

(a) Loans to related parties

	Rukarara VI HPP Limited Rwf'000	Lion's Share Group Rwf'000	Jean Damascène Rwf'000	Total Rwf'000
Year ending 31 December 2024				-
At start of the year	-	10,949	223,600	234,549
Additions	8,712,713	-	-	8,712,713
Transfers	-	-		-
At end of the year	8,712,713	10,949	223,600	8,947,262
Year ending 31 December 2025				
At start of the year	8,712,713	10,949	223,600	8,947,262
Additions	-	-	-	-
Transfers	-	-	-	-
At end of the year	8,712,713	10,949	223,600	8,947,262

(b) Expenses settled (by)/on behalf of related party

	Rukarara VI HPP Limited Rwf'000	Prime Energy Holdings Limited Rwf'000	Lion's Share Group Rwf'000	Jean Damascène Rwf'000	Total Rwf'000
Year ending 31 December 2024					
At start of the year	-	5,010,279	366,638	-	5,376,917
Additions	1,392	-	-	223,600	224,992
Transfers	-	-	-	-	-
At end of the year	1,392	5,010,279	366,638	223,600	5,601,909
Year ending 31 December 2025					
At start of the year	1,392	5,010,279	366,638	223,600	5,601,909
Additions	486,688	-	-	-	486,688
Transfers	-	-	(152,053)	(71,679)	(223,732)
At end of the year	488,080	5,010,279	214,585	151,921	5,864,865

25 Related party transactions and balances (continued)

iii) Related party transactions

(c) Payable to related parties

	Lion's Share Group Rwf'000	Jean Damascène Rwf'000	Total Rwf'000
Year ending 31 December 2024			
At start of the year	600	400	1,000
Additions	-	-	-
At end of the year	600	400	1,000
Year ending 31 December 2025			
At start of the year	600	400	1,000
Additions	-	-	-
At end of the year	600	400	1,000

- The management confirms that related party transactions have been conducted at arm's length pricing as required by transfer pricing regulations.

(d) Key management compensation	2025 Rwf '000	2024 Rwf' 000
Remuneration to key management	357,708	247,905

During the year ended 31 December 2025, bonus was paid to management (2024:Nil).

26 Contingent liabilities

The company is a defendant in a legal action that is pending final determination. In the opinion of the directors and after taking appropriate legal advice, the outcome of the action will not give rise to any significant loss.

27 Capital commitments

- All assets debenture covering all the company's assets

- Tripartite agreement between Prime Energy Ltd, Bank of Kigali Plc and Energy Utility Corporation Ltd committing the off taker to transfer all amounts due for the purchase of power from Gashashi, Rukarara II, Gisenyi and Mukungwa II power stations to the company's accounts in Bank of Kigali Plc.

28 Presentation or functional currency

These financial statements are presented in Rwandan Francs rounded off to the nearest thousand (Rwf '000).

29 Events after the reporting period

The Directors are not aware of any events after the reporting date that require disclosure in or adjustments to the financial statement as at the date of this report