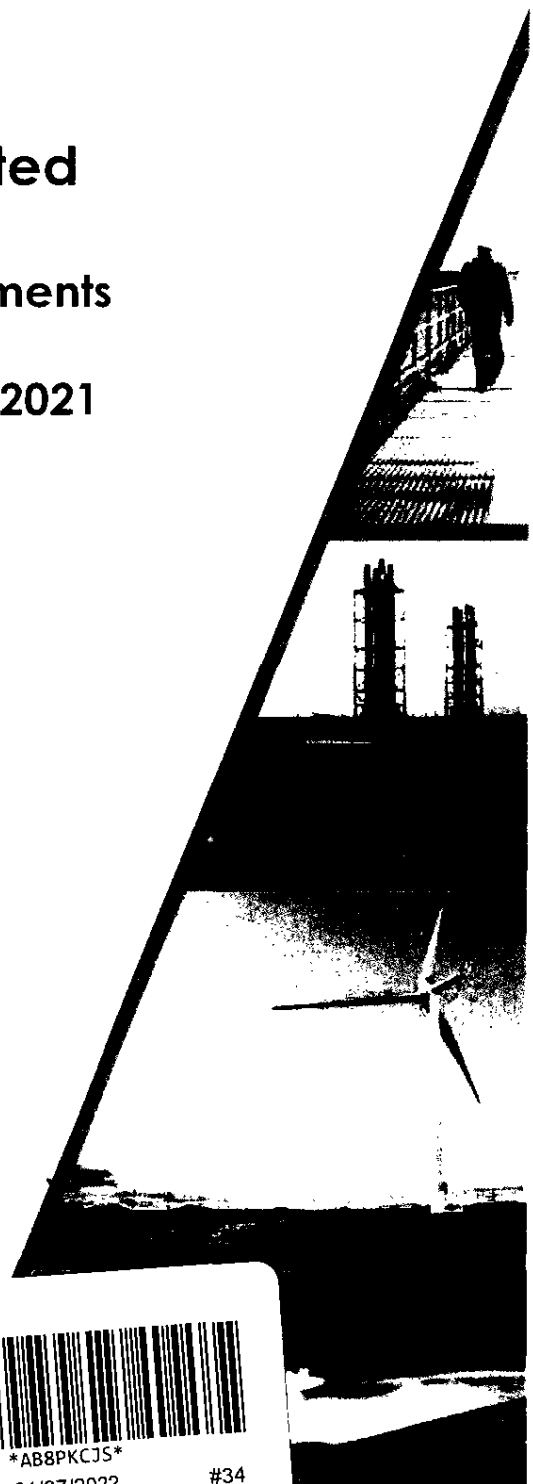




GLOBELEQ

POWERING AFRICA'S GROWTH

Globeleq Africa Limited
Report and Financial Statements
Year Ended 31 December 2021



THURSDAY



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21/07/2022

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COMPANIES HOUSE

Registered No. 4250990

Directors

MD Scholey
ASJ Ramsay
IJ Coxon

Secretary

Andrew Stephen James Ramsay
Kimberley Dakwa

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

6th Floor
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EC3V 9LJ
United Kingdom

Parent registered office

Globeleq Africa Holdings Limited
2nd Floor, Regency Court
Glatigny Esplanade
St Peter Port
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GY1 1WW

Strategic Report

The directors present their strategic report for the year ended 31st December 2021.

Principal Activities

Globeleq Africa Limited (the 'Company') is an intermediary parent company within Globeleq Group ("Globeleq", the "Group") that develops, builds and operates power generation businesses in Africa. The Company is a wholly owned subsidiary of Globeleq Limited which in turn is owned 70% by the United Kingdom's development finance institution British International Investment plc ('BII') (formerly CDC Group plc ('CDC')) and 30% by the Norwegian Investment Fund for Developing Countries ('Norfund').

The Group develops, owns and operates power plants, with a sole focus on the African continent as underlined by the Group's mission of "Powering Africa's Growth". The vision is to be "the power sector leader and partner of choice for African nations." The Group's experience in implementing an array of generating technologies in different geographic locations, provides a unique perspective and strong foundations for developing new capacity as a trusted, reliable and committed partner of choice within the African Independent Power Producer (IPP) market.

The focus is on renewable power plants (particularly solar and wind) and gas fired generation. While the medium-term aim is to increase the renewable portfolio (due to the imperatives of climate change and their ever-decreasing costs to construct and operate) it is expected that the Group will continue to develop and build Paris Accord compliant gas projects. When developing power projects Globeleq will often work with partners. Globeleq's preference is to be the majority owner with the right to operate the plant.

The Group's mission has remained unchanged and continues to operate, construct and develop electricity generation facilities in Africa. It is the intention of the directors that the above business of the Company will continue for the foreseeable future.

Operating Assets

Currently Globeleq has interests in fifteen operating plants with a total capacity of 1,513 MW (gross). The plants are spread across Cameroon, Cote d'Ivoire, Kenya, South Africa, Tanzania, Nigeria and Egypt.

During 2021, the Group acquired ARC Solar (66MW), Egypt being the latest country to form part of the Group's operations. In Kenya, the Malindi solar project (52MW) underwent energisation in December 2021 and has been fully operational since early 2022. In Cote d'Ivoire, Azito Phase 4 expansion is currently under construction, with a 180MW gas turbine and a 73MW steam turbine expected to commence operations in 2022.

Development Activities

The Group carries out development activities across numerous countries in Africa. By development activities we mean bidding for a contract through a competitive tender process (usually run by a government department or utility), entering into bi-lateral negotiations with a host government to develop a power plant, stepping into an existing development which needs industry expertise and capital to take it to financial close or acquiring an asset by acquisition.

Currently the Group is looking at developing power projects across Africa, including opportunities in South Africa, Mozambique, Zambia, Tanzania, Kenya, Togo, Tunisia, Ghana and Egypt.

Strategic Report (continued)

In December two greenfield projects in Mozambique reached financial close: the Temane gas plant (450MW) and the Cuamba solar and battery project (19MW with 6MWh battery storage).

In South Africa, as part of a Consortium with Mainstream Renewable Power, Africa Rainbow Energy & Power (AREP) and H1 Holdings, the Company was successfully awarded preferred bidder status for twelve projects, totalling 1,424MW from the Round 5 renewables tender.

Health and Safety

Globeleq is committed to operating a healthy and safe workplace at all its operations. Each plant has a dedicated health and safety officer and there is an annual conference to review and improve safety performance across the business. Safety performance is monitored throughout the year and safety performance is reported every month to Management and Shareholders. The Total Recordable Injury Rate (TRIR) is tracked and benchmarked against the U.S. electric power generation industry statistics compiled by the U.S. Occupational Safety and Health Administration (OSHA). In 2021, Globeleq operated its generation assets with one (1) lost time accident (2020: 2).

Social Engagement

Globeleq regards a "social license to operate" as critical to its success. Each of the operating power plants has an effective socio-economic programme in place. Strategically developed and locally implemented, these programmes primarily focus on health, education, employment and enterprise development, with the aim to impact positively the communities close to the operating plants.

Environment

Each power plant development project is subject to an environmental impact assessment, which is based on World Bank guidelines and standards. The aim is to apply leading environmental management practices to prevent, minimise and otherwise mitigate or remediate any negative impacts the operations may have. The environmental impact of the business (including CO₂ emissions) is continually measured and reported to management and shareholders.

Principal Risks and Uncertainties

The business faces a number of risks which, can be categorised into a number of headings.

External risks

These include environmental, social and governance matters, regulatory and fiscal frameworks, and socio-political and macro-economic developments.

Climate change can result in extreme weather events that affect operations. For example, floods can cause damage to equipment, reduce production at renewable energy plants and increase insurance costs.

Macro-economic and socio-political risks include downturns in global and local economic activity that affect the demand for electricity. In addition, health risks such as the ongoing global pandemic can affect staffing levels at power plants, as well as cause disruptions to supply chains and to local economies.

Strategic Report (continued)

The impact of Covid-19 on global supply chains and labour availability, in particular, has caused delays in the Group's construction projects. The economic fallout from the pandemic, resulting in lower electricity demand, has also led to a deterioration in the financial position of off-takers and continuing problems with non-payments to the Group's power generation affiliates. The Group has also been affected by late payments, bureaucratic delays, unclear government policies, and delayed or cancelled bid processes.

Regulatory risks include changes to laws that affect the electricity industry or changes to tender programmes, all of which can cause financial loss or harm the growth of the business. Like many businesses in Africa, the Group has legal and tax exposures across the portfolio. Operations are subject to laws and regulations including business conduct, employment, export controls or sanctions, tax, environmental, health and safety legislation (nationally and internationally).

Strategic Risks

The Group operates power stations in Africa. Its customers are mainly state-owned entities. This is inherently a high-risk business.

To mitigate this risk, the Group operates a diversified portfolio approach, investing in distinct, standalone businesses that operate in different countries, use different fuel sources and are paid in different currencies. A diversified portfolio is a key tenet of our Group Strategy and Business Plan.

As part of this strategy, the Group is expanding into new countries such as Egypt and Mozambique and expanding in others such as South Africa. Potential new renewable energy projects will also help to diversify the portfolio with a more balanced technology mix.

Because energy projects typically take many years to develop, further diversification is a long-term endeavour.

Business Development Risks

Greenfield project development in Africa generally requires around five years to reach financial close. This gestation period demands significant outlays and the allocation of internal resources. To reach financial close, a project requires a creditworthy off-taker (or an acceptable credit support mechanism); a sound and stable regulatory environment; and continued economic growth in the host countries.

Where macro-economic instability or political instability exist, greenfield projects can stall. Slowing economic growth in many countries has led to short-term oversupply conditions, affecting prices, and reduced demand from off-takers.

Strategic Report (continued)

Construction Risks

The Group outsources construction to contractors where possible. We have adopted a turnkey approach to the procurement process, which requires contractors to deliver a plant on time and to budget. We select EPC contractors with a proven track record. Finally, we recruit experienced professionals to manage the contractors on-site.

The Group operates and maintains the assets it owns with local staff. Sometimes the management handover is postponed due to EPC contractor guarantees during the first two years of operation. When this is the case, we seek to take over operations and maintenance at the first available opportunity.

Operational Risks

These cover the day-to-day operations of a power plant. A power plant is a large industrial unit where accidents can happen. The Group takes the safety of its employees very seriously and every effort is taken to train workers in health and safety procedures and to ensure a safe working environment.

Operational failures can affect availability guarantees set out in contracts with clients and lead to penalties and financial loss.

Cybersecurity is also a priority for the Group and there are policies and procedures in place to mitigate the risk of cyberattacks or systems failures.

Plants are subject to strict environmental laws and contractual conditions covering emissions, noise and vibration levels, the disposal of waste, among other factors. Any breach of these conditions can result in fines or closures. The Group seeks to remain compliant with all its environmental, legal and contractual obligations. In addition, the plants operate programmes to lessen their overall impact on the local environment, including local communities.

Maintaining a 'social licence to operate' is essential and the Group has active community and stakeholder engagement programmes to ensure plants can operate without disruption.

The success of any business depends on prompt payment of its bills by customers. In certain countries, utilities are not financially robust and payment delays are not infrequent. To minimise arrears and ensure regular payments, the Group actively manages relations with its off-takers, partners, government officials and the sector as a whole.

The Group's current operations and growth prospects depend on attracting and retaining a highly skilled workforce. Managing talent is a key focus of the Group, particularly in power plants. Thanks to this, staff turnover is low. However, in some key markets where there are a limited number of independent power producers, finding high-quality recruits for senior roles is sometimes a challenge.

Strategic Report (continued)

Section 172

During the year, the Company has continued to act as an intermediate holding company within the Globeleq Limited (the "**Globeleq Group**"). The Board of Directors of the Company is made up of the Chief Executive Officer, Chief Financial Officer and General Counsel & Head of Compliance. Considering our stakeholder's broad range of interests is an important part of the way the Board makes its decisions. Balancing different perspectives and delivering long-term strategic decisions that promote the success of the Company is paramount to the success of the Globeleq Group. To ensure the Company's objectives are delivered and aligned with Globeleq's values, the day-to-day management of the Company is undertaken by the Executive Management Team. The Executive Management team is made up of employees of the Globeleq Group and represents a diverse mix of thought, cultures, backgrounds, knowledge, and experience in the African continent we operate.

In discharging their duty to promote the interests of the Company under section 172 Companies Act (2006), the Directors of the Company have acted in the way that they considered to be in good faith, for the benefit of our member as a whole and our stakeholders' interests. This section forms our Section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1), as follows:

"A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- I. The likely consequences of any decision in the long term,
- II. The interests of the company's employees,
- III. The need to foster the company's business relationships with suppliers, customers, and others,
- IV. The impact of the company's operations on the community and the environment,
- V. The desirability of the company maintaining a reputation for high standards of business conduct, and
- VI. The need to act fairly as between members of the company.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a) – (f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

The Globeleq Group operates in a sector characterised by long-term relationships to develop a power plant that can take between five to ten years and once operational, it is under a long-term contract (fifteen + years) with a single off-taker. The consideration of long-term consequences and balancing wide ranges of interests are an inherent part of the Company's decision-making processes.

Strategic Report (continued)

The Board reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

Due to the long-term nature of the business, sustainability is one of Globeleq's core values. As a mission-led privately-owned company, the Board considers that the interests of the Company and its Shareholder are aligned in seeking sustainable value creation over the longer term through the Group's operations, promoting long-term strategic decision-making. The Company is committed to supporting long-term development in Africa, protecting the environment, having a positive impact on local economies and people, and delivering financial returns for our shareholders and local partners. The Board is extremely sensitive to its stakeholders and its responsibility for stewardship and good governance at all levels. These factors also drive a continuing focus on the maintenance of durable relationships with stakeholders, built on the Group's reputation with our partners, communities, and suppliers.

Maintaining a reputation for high standards of business conduct is vital and the Group expects all members of the supply chain to always act with integrity, acting openly, honestly, and ethically. The Group has zero tolerance to fraud and consistently maintains effective oversight and scrutiny processes. Integrity is underpinned with policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, fraud, and whistleblowing, each of which is reinforced through appropriate training. In addition to the Group's core values, all employees must comply with these requirements and when taken together with the Group's corporate responsibility commitments, they provide the framework within which the Group operates both internally and in the marketplace. The Group provides employees with relevant information and to seek their views on matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the Group. Suppliers and contractors are also expected to behave in a manner consistent with these standards.

Our commitment to the business, our stakeholders, the environment, and society as a whole, are embodied in our [Annual Sustainability Report](#). The report sets out our approach to engaging with our stakeholder groups, detailing and tracking our comprehensive stakeholder engagement plan, year on year. The Report is reviewed and approved by our shareholders, who work very closely with the Executive Management team and external stakeholders. The directors have direct input into the Group's long-term success through their leadership on our strategic direction. In 2020, the Board discussed a strategy for GHG emissions and a climate change strategy.

The Directors do not consider the factor set out in section 172(1)(f) as applicable or relevant to the proper discharge of their duties, as the Company is a wholly owned subsidiary of Globeleq Africa Holdings Limited. The ultimate owner of the Group are two government entities (BII PLC and Norfund), whose relationship with the Group is governed by a shareholder's agreement.

Strategic Report (continued)

Covid-19

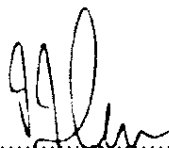
Due to the pandemic, throughout 2021, the primary focus of the Group and the Board has been on:

- I. Maintaining focus on risk management and investment outcomes as market volatility significantly increased;
- II. Maintaining the supply of electricity to our customers;
- III. Introducing flexible safe working patterns for our employees;
- IV. The operational resilience of our African subsidiaries, specifically the operations of our power plants in the African continent; our corporate offices in Africa and in London as we transferred to an entirely virtual model;
- V. Mitigating the impact of the Covid-19 pandemic at our construction sites;
- VI. Establishing enhanced oversight of all delegates carrying out core functions;
- VII. The health, safety and wellbeing of colleagues across the group that support the operating of the Company, and;
- VIII. The continued satisfactory control environment, notably maintaining that our objective to 'power Africa' was met despite it occurring during a long period of uncertainty and concern. Our people's health and safety were first and paramount.

The Group acknowledge that the continuation of operations during this time was largely due to the resilience, tenacity, and adaptability of our employees and partners. The Board and the Executive Management team's demonstrated leadership during this period, further re-enforce that, collectively, the Board, discharges its duties in a manner in compliance with section 172 of the Companies Act (2006).

This report was approved by the Board and signed on its behalf on 29th June 2022.

By order of the Board of Directors,



.....
Ian Coxon
Chief Financial Officer

Director

Directors' Report

The directors present their annual report and audited financial statements of Globeleq Africa Limited (the "Company") for the period ended 31 December 2021.

Review of Activities and Future Developments

In spite of the Covid-19 pandemic, the Company has continued with some delays the construction of the Azito Phase 4 combined gas turbine in Cote d'Ivoire (253MW) and work will commence in earnest 2022 at the Mozambique projects. The Malindi solar plant in Kenya (52MW) commenced generation in December.

In August 2021, Globeleq acquired the ARC solar project (66MW) in Egypt. In Mozambique, financial close was achieved in December on two greenfield development projects: The Central Termica de Temane gas plant (450MW) and the Cuamba solar and battery project (19MW with 6MWh battery storage). In South Africa, the Group was awarded twelve projects for a total of 1,424MW in Round 5 renewable power tender held in the year. This comprised 824MW (six sites) of wind projects and 600MW (six sites) of solar projects. These projects will progress towards financial close in 2022, with construction expected to begin in 2023.

The Company acts as an intermediate holding company for some of the Globeleq subsidiaries and performs development work for new projects on its own behalf.

The Directors remain confident in the continuing development activities of the Company.

Results and Dividends

The profit for the year after taxation was \$65m (2020 loss: \$18.4m). This was mainly a result of an increase in dividend income from subsidiaries from \$16 million in 2020 to \$108 million in 2021.

No dividends were paid during the year (2020: \$Nil).

Directors and their Interests

The directors of the Company at the date of this report were as follows:

	Appointed	Resigned
MD Scholey	3 rd September 2015	
ASJ Ramsay	11 th April 2016	
IJ Coxon	23 rd January 2020	

None of the directors at any time during the period ended 31st December 2021 or subsequent to 31st December 2021 had any interest in shares or debentures of the Company.

None of the directors at any time during the period ended 31st December 2021 had any material interest in any contracts with the Company or its subsidiaries.

Charitable Contributions

During the year, the Company did not make any charitable donations (2020: \$Nil).

Directors' Report (continued)

Political Contributions

The Company did not make any political contributions during the year.

Post Balance Sheet Events

On 24th March 2022, a loan repayment of \$20m was made by the Company to the shareholders.

On 28th March 2022, an SPA was signed between Quantum Power and the Group to acquire 100% of a geothermal project in Kenya (Menengai).

Going Concern

The Company's parent undertaking has committed to provide financial support to the Company, should it be required, for the period to 30th June 2023.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Taking into account continuing support from the parent company, the directors are comfortable with the financial statements being prepared on a going concern basis.

Potential impacts (such as residual Covid-19 concerns, climate change and other risks to the business) to the cash flows of the Group and its subsidiaries continue to be monitored. This includes stress testing through a range of potential outcomes, including the possibility of a significant reduction in distributions from operating subsidiaries. Even under extreme stress test scenarios, the Group remains solvent and has access to committed funds from shareholders for equity investment and can draw down on the corporate revolver facility for further working capital requirements. The current facility will expire in December 2022; however, Management expects that it will be renewed.

It can therefore be considered that the Company has access to sufficient financial resources to meet its liabilities as they fall due, and it can be reasonably expected that those financial resources will be made available to the company in order to meet the foreseeable cash requirements.

Disclosure of Information of the Auditors

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

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

Auditors

Ernst & Young LLP acted as auditors during the period. A resolution to reappoint them as auditors will be proposed at the forthcoming general meeting at which this report and financial statements are presented.

By order of the Board of Directors



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Ian Coxon
Chief Financial Officer

Director
29th June 2022

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Independent Auditor's Report to Members of Globeleq Africa Limited

Opinion

We have audited the financial statements of Globeleq Africa Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions Relating to Going Concern

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.

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 company's ability to continue as a going concern for the period to 30th June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on Which we are Required to Report by Exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

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 (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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Company Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the company operates
- We understood how Globeleq Africa Limited is complying with those frameworks by making inquiries of management, those responsible for legal and compliance procedures and those with charged with governance. We corroborated our inquiries through our review of minutes of Board of Directors meetings and the review of various correspondence examined in the context of our audit and noted that there was no *contradictory evidence*.

- We assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. We performed walkthrough procedure to understand the financial close process and have not noted any potential for management override of controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management, review of internal audit reports and of the volume and nature of complaints received by the whistleblowing hotline during the year and review of management reports to the Audit Committee.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>.

This description forms part of our auditor's report.

Use of Our Report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
William Testa (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: June 30, 2022

Statement of Comprehensive Income
For the year ended 31 December 2021

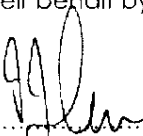
	Notes	2021 \$	2020 \$
Revenue	3	35,337,465	17,157,210
Other income		-	-
Dividend income		108,143,330	16,896,906
Staff costs	5	(25,009,436)	(12,959,484)
Other operating expenses		(41,848,927)	(30,443,481)
Profit/(Loss) from operations	4	76,622,433	(9,348,849)
Impairment of non-current assets	10	(8,052,701)	(11,884,200)
Interest payable and similar charges	6.a	(281,755)	(189,001)
Interest income	6.b	1,227,969	3,214,501
Profit/(Loss) before tax		69,515,946	(18,207,549)
Tax on profit/loss from ordinary activities	7	(4,507,635)	(202,739)
Profit/(Loss) after taxation		65,008,311	(18,410,288)


All amounts are derived from continuing operations in both the current and preceding year.

Statement of Financial Position
As at 31 December 2021

	Notes	2021 \$	2020 \$
Non-current assets			
Tangible fixed assets	8	591,611	787,085
Intangible assets	8	2,964,475	6,526,409
Investments in subsidiary and associate undertakings	9	316,876,686	307,581,553
		320,432,772	314,895,047
Current assets			
Debtors	11	302,706,344	131,258,412
Cash	12	22,454,515	17,742,342
		325,160,859	149,000,754
TOTAL ASSETS		645,593,631	463,895,801
Capital and reserves			
Share capital	15	339,485,650	339,485,650
Retained earnings		98,806,912	33,798,601
Total equity		438,292,562	373,284,251
Current liabilities			
Creditors	13	201,152,486	59,080,683
		201,152,486	59,080,683
Non-current liabilities			
Contingent consideration	13	6,148,583	31,530,867
		6,148,583	31,530,867
Total liabilities		207,301,069	90,611,550
TOTAL EQUITY AND LIABILITIES		645,593,631	463,895,801

The financial statements were approved by the board on 29th June 2022 and signed on their behalf by:


.....
Ian Coxon
Chief Financial Officer
Director


.....
Mike Scholey
Chief Executive Officer
Director

Statement of Changes in Equity
For the Year Ended 31 December 2021

	Called up share capital	Retained earnings	Total equity
	\$	\$	\$
At 1 January 2020	339,485,650	52,208,889	391,694,539
Loss for the year	-	(18,410,288)	(18,410,488)
Dividend paid	-	-	-
Total movement for the year	-	(18,410,288)	(18,410,488)
At 31 December 2020	339,485,650	33,798,601	373,284,251
Profit for the year	-	65,008,311	65,008,311
Total movement for the year	-	65,008,311	65,008,311
At 31 December 2021	339,485,650	98,806,912	438,292,562

Statement of Cash Flows
As at 31 December 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
(Loss)/profit for the financial year		65,008,311	(18,410,288)
Adjustments for:			
Depreciation of owned fixed assets	4	3,756,328	3,634,134
Impairment of non-current assets	10	8,052,701	11,884,200
Interest paid	6.a	281,755	189,001
Interest received	6.b	(1,227,969)	(3,214,501)
Taxation	7	4,507,635	202,739
Adjustments for non-cash items	17	103,575	-
(Loss)/profit from operations before changes in working capital		80,482,336	(5,714,715)
Decrease/(Increase) in debtors		(163,213,348)	21,710,977
Decrease/(Increase) in creditors		142,071,803	(1,312,331)
Adjustments for non-cash items	17	-	(10)
Cash generated/(utilised) from operations		59,340,791	14,683,921
Income tax paid		(4,507,635)	(202,739)
Net cash generated/(utilised) from operating activities		54,833,156	14,481,182
Cash flows from investing activities			
Distributions from subsidiaries		-	-
Interest received	6.b	1,227,969	3,214,501
Investment in subsidiaries		(35,907,985)	(3,722,598)
Associates share capital reduction		1,500,000	-
Business acquisition		(16,659,212)	-
Net cash used in investing activities		(49,839,228)	(508,097)
Cash flows from financing activities			
Interest paid	6.a	(281,755)	(189,001)
Net cash used in financing activities		(281,755)	(189,001)
Net increase in cash and cash equivalents		4,712,173	13,784,084
Cash and cash equivalents as at 1 January	12	17,742,342	3,958,258
Cash and cash equivalents as at 31 December	12	22,454,515	17,742,342

Notes to the Financial Statements

1. Corporate Information

The principal activity of the Company is to perform development work on new projects and act as an intermediate holding company of certain Globeleq Group subsidiaries. It also provides management services to group entities.

2. Accounting Policies

Statement of Compliance

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going Concern

The Company's parent undertaking has committed to provide financial support to the Company, should it be required, for the period to 30 June 2023.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Taking into account continuing support from the Group, the directors are comfortable with the financial statements being prepared on a going concern basis.

Due to the Covid-19 pandemic, there are greater uncertainties regarding the future performance of the company. Detailed work has been undertaken to look at the potential impacts to the cash flows of the company, including stress testing the assumptions to an extreme degree with a range of outcomes. These have included assuming a significant reduction in distributions from operating subsidiaries. Even under the extreme stress tested scenarios, the company remains solvent and does not need to draw on its committed credit facilities.

Notes to the Financial Statements

2. Accounting Policies (continued)

Going Concern (continued)

The Company's subsidiaries own and operate critical utility infrastructure across the continent. Power demand has fallen rapidly in many countries and that will place utility cashflows under stress. It is therefore hard to predict how much we will get paid and as a result we are continuously monitoring a range of cashflow scenarios for the business. The Company's cash flow is driven by the inflows to the operating business to cover operating expenditure and debt service. The plants are typically project financed without recourse to the Company.

Operating assets regularly distribute to the company and cover all outflows for corporate and business development expenses as well as provide additional funds for either distribution to the shareholder or further investment.

Cash balances are tracked continuously, and a range of scenarios monitored to ensure the company remains in a strong cash position going forwards. As an additional measure the corporate revolver facility will be used to maintain a minimum company cash balance.

It can therefore be considered that the company has access to sufficient financial resources to meet its liabilities as they fall due, and it can be reasonably expected that those financial resources will be made available to the company in order to meet the foreseeable cash requirements. Further details on the liquidity of the company are discussed within the notes to the financial statements.

Currency

The financial statements are expressed in US Dollars {"\$"}, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'other operating (losses)/gains'.

Notes to the Financial Statements

2. Accounting Policies (continued)

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company bases its estimate of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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 company recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods/services; (c) the amount of revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met.

Employee Benefits

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

i. **Short Term Benefits**

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. **Defined Contribution Pension Plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

iii. **Incentive Plans**

The company operates an annual short-term incentive plan and a three-year long-term incentive plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

Taxation

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

Notes to the Financial Statements

2. Accounting policies (continued)

Taxation (continued)

Current or deferred taxation assets and liabilities are not discounted.

Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Fixed Assets and Intangible Assets

Fixed assets and intangible assets are stated at cost, net of depreciation or amortization and provision for impairment. Fixed assets and intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives using the following rates:

- Software – up to 3 years
- Fixtures and fittings – up to 10 years
- Leasehold improvements – up to 10 years

Amortisation is included in 'other operating expenses' in the profit and loss account.

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

Costs associated with maintaining computer software are recognised as an expense as incurred.

Notes to the Financial Statements

2. Accounting Policies (continued)

Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leased Assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

i. Finance Leased Assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

ii. Operating Leased Assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

iii. Lease Incentives

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Notes to the Financial Statements

2. Accounting Policies (continued)

Impairment of Non-Financial Assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Investments

i. **Investment in Subsidiary Companies**

Investment in a subsidiary company is held at cost less accumulated impairment losses.

ii. **Investment in Associate**

Investment in an associate is held at cost less accumulated impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

2. Accounting policies (continued)

Distributions to Equity Holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders.

Short-term Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Judgement Used in Applying Accounting Policies and Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and apply assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key assumptions concerning the future and other key sources of estimation uncertainty at each balance sheet date that could have a significant risk of causing a material adjustment include financial assets, provisions and deferred tax assets. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised. In particular, information about the significant areas of estimation uncertainty and critical judgements in applying accounting policies that have had a significant effect on the amounts recognised in the financial statements are described below.

Critical judgements made in applying the entity's accounting policies:

(a) Substance leasing contracts

Accounting for lease contracts requires management to assess the substance of the contract over its legal form. This includes judgement around whether on balance substantially all the significant risks and rewards of ownership of leased assets reside with the Company or another entity in order to determine whether those assets meet the recognition criteria specified in the Company's accounting policies for finance leases.

(b) Accounting for property, plant and equipment and intangible assets

On initial recognition of items of property, plant, equipment and finite life intangible assets, judgements must be made about whether costs incurred relate to bringing an asset to working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset, or whether they should be expensed as incurred. Thereafter, judgement is required to assess whether subsequent expenditure increases the future economic benefits to be obtained from that asset and is therefore also appropriate for capitalisation or whether such expenditure should be treated as maintenance and expensed.

Notes to the Financial Statements

2. Accounting Policies (continued)

Critical Accounting Estimates and Assumptions:

When making accounting estimates the outcomes in the next financial period may be different to the assumptions made. It is therefore impracticable to predict the impact, but it could result in a material adjustment to the carrying amount.

(a) Accrual accounting

Management must make judgements when making estimates of accrued revenue and expenditure which relate to past transactions occurring within the current financial year but for which the actual revenue or expenditure is not known at the time the financial statements are prepared. Management assess the available information relating to the period and examine past trends and other external evidence to reach an estimate of the amount to accrue. Actual results may differ from these estimates. Accruals by nature are subject to continually changing assumptions and those assumptions are only valid for a short period of time.

(b) Provisions and contingencies

Preparation of the financial statements requires management to make estimates in order to provide for potential liabilities. This involves making judgements about the likelihood of an amount becoming payable, estimation of the quantum of the potential obligations based on available information and estimating when such obligations are likely to be settled. Where a variety of possible outcomes exist, management must apply judgement in assessing the probability that any given outcome may occur.

Notes to the Financial Statements**3. Revenue**

	2021	2020
	\$	\$
Intercompany management service fee	35,337,465	17,157,210
Total revenue	35,337,465	17,157,210

4. Operating Profit

This is stated after charging / (crediting):

	2021	2020
	\$	\$
Auditors' remuneration	33,618	30,345
Depreciation charge of owned fixed assets	3,756,328	3,634,134
Operating lease charges	813,775	858,753
Exchange loss / (gain)	(656,093)	5,482,191

There were no non-audit services during the year (2020: None).

5. Staff Costs

	2021	2020
	\$	\$
Wages and salaries	22,009,224	10,813,296
Social security costs	1,680,252	1,121,029
Other staff costs: medical, insurance & relocation	522,754	380,329
Pension costs (See note 16)	797,206	644,830
	25,009,436	12,959,484

Average monthly number of employees for the period	60	55
--	-----------	----

2021 wages and salaries expense include an increase in accruals for short-term and long-term employee incentive plans. The amount of accrual is valued with the reference to the performance targets which were met in 2021. Previously they had been assigned with the low probability of success.

Notes to the Financial Statements**6. Interest Income and Interest Payable and Similar Charges****6.1 Interest Payable and Similar Charges**

	2021	2020
	\$	\$
Bank interest paid	228,283	183,374
Bank commission paid	53,472	5,627
	281,755	189,001

6.2. Interest Income

	2021	2020
	\$	\$
Loan interest received	-	80,924
Intercompany interest received	1,219,082	3,129,926
Bank interest received	8,887	3,651
	1,227,969	3,214,501

7. Taxation**7.1 Tax on Profit on Ordinary Activities**

	2021	2020
	\$	\$
UK current tax		
Deferred tax credit	-	-
Withholding tax on dividends received	4,507,635	202,739
Tax on profit on ordinary activities	4,507,635	202,739

Tax reconciliation note

Profit/(Loss) before tax	69,515,946	(18,207,549)
Tax at 19% (2019: 19%)	13,208,030	(3,459,434)
Dividend income taxed at source	(20,547,233)	(3,210,412)
Expenses not deductible for tax purposes	1,545,977	2,284,179
Income not taxable	(233,314)	(722)
Losses not recognised	6,026,540	4,386,389
Withholding tax on dividends received	4,507,635	202,739
Credit for the period	(328,330)	-
Tax on profit on ordinary activities	4,507,635	202,739

The effective UK corporation tax rate was 19% for the year ended 31st December 2021 (2020: 19%). No deferred tax asset has been recognised in relation to losses arising in 2021.

Notes to the Financial Statements**7.2. Deferred Tax**

The company has gross tax losses of \$100,323,196 (2020: \$68,604,565) which are available indefinitely for offset against future taxable profits and exceed other temporary differences by \$100,323,196 (2020: \$68,604,565). A Deferred tax asset has not been recognised in respect of these losses.

8. Tangible Fixed Assets and Intangible Assets

	Fixtures & fittings	Leasehold	Software	Total
	\$	\$	\$	\$
Cost				
At 31 December 2020	597,903	1,154,488	10,292,621	12,045,012
Adjustment	-	-	(1,080)	(1,080)
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2021	597,903	1,154,488	10,291,541	12,043,932
Accumulated depreciation				
At 31 December 2020	485,285	480,021	3,766,212	4,731,518
Charge for the period	83,082	112,392	3,560,853	3,756,328
At 31 December 2021	568,367	592,413	7,327,065	8,487,846
Net book value at 31 December 2021	29,536	562,075	2,964,476	3,556,086
Net book value at 31 December 2020	112,618	674,467	6,526,409	7,313,494

9. Investments in Subsidiaries and Associate Undertakings

	2021	2020
	\$	\$
Net book value		
At 1 January	307,581,553	317,749,163
Additions	37,626,000	4
Disposals	(1,600,000)	-
Change in expected deferred contingent consideration	(26,730,867)	1,716,586
Impairment loss (See Note 10)	-	(11,884,200)
At 31 December	316,876,686	307,581,553

Notes to the Financial Statements**9. Investments in Subsidiaries and Associate Undertakings (continued)**

Investments set out above are made in the following operating, construction and service subsidiary and associate undertakings:

Country of incorporation	Company	Class of share	% Ownership (direct or indirectly)		Principal activities
			2021	2020	
Subsidiaries					
South Africa	De Aar Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Droogfontein Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Jeffreys Bay Wind Farm (RF) (Pty) Limited	Ordinary	59%	59%	Wind generation
South Africa	Diamond Wind Development (Pty) Limited	Ordinary	52%	52%	Development company
South Africa	Globeleq Mozambique Renewables Holdings (PTY) Limited	Ordinary	100%	100%	Holding entity
South Africa	Temane Energy Consortium (PTY) Limited	Ordinary	100%	100%	Holding entity
South Africa	Globeleq Zimbabwe (PTY) Limited	Ordinary	100%	100%	Holding Entity
Tanzania	Songas Limited	Common	54.1%	54.1%	Gas fired
Ghana	Aboadze Power Company Limited	Ordinary	95%	95%	Development company
Netherlands	Globeleq Holdings (Cote d'Ivoire) B.V.	Ordinary	100%	100%	Holding entity
South Africa	Klipheuwel Wind Farm (RF) Pty Limited	Ordinary	65%	65%	Wind generation
South Africa	Aries Solar Power (RF) Pty Limited	Ordinary	70%	70%	Solar generation
South Africa	Konkoonsies Solar Power (RF) Pty Limited	Ordinary	70%	70%	Solar generation
South Africa	Soutpan Solar Power (RF) Pty Limited	Ordinary	51%	51%	Solar generation
South Africa	Boshof solar Power (RF) Pty Limited	Ordinary	51%	51%	Solar generation
South Africa	Globeleq South Africa Operations (Pty) Limited	Ordinary	100%	100%	Advisory services
Côte d'Ivoire	Azito Energie SA	Ordinary	76.9%	76.9%	Gas fired
Mauritius	Globeleq Expatriate Services Limited	Ordinary	100%	100%	Services company
UK	Globeleq Holdings (Tanzania) Limited	Ordinary	100%	100%	Holding Entity
UK	Globeleq Nominees Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Holdings (Zambia) Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Holdings (Kenya) Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Investment Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Nigeria Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Power Solutions Nigeria Limited	Ordinary	100%	100%	Holding Entity
South Africa	Globeleq South Africa Holdings (Pty) Limited	Ordinary	100%	100%	Holding entity
Netherlands	Black Rhino Group Holdings Netherlands B.V.	Ordinary	100%	100%	Holding entity
Kenya	Malindi Solar Group Limited	Ordinary	90%	90%	Solar generation
Nigeria	Qua Iboe Power Company Limited	Ordinary	85%	85%	Gas fired
Nigeria	Globeleq Power Solutions Nigeria Limited	Ordinary	74%	74%	Gas fired
Mozambique	Globeleq Calanga Wind (SA)	Ordinary	98%	-	Holding entity
Mozambique	Globeleq Energia Mocambique SA	Ordinary	99.9%	-	Solar generation
UK	ARC Renewable Energy Limited	Ordinary	100%	-	Holding entity
UK	Globeleq Overseas Services Limited	Ordinary	100%	-	Services company
Country of incorporation	Company	Class of share	% Ownership (direct or indirectly)		Principal activities
			2021	2020	
Associates					
Kenya	Tsavo Power Company Limited	Ordinary*	30%	30%	Oil fired generation

(*) The company receives all economic benefits of 30% of the shares through a Total Return Swap with CDC Financial Services (Mauritius) Limited.

Notes to the Financial Statements

9. Investments in Subsidiaries and Associate Undertakings (continued)

Globeleq Africa Limited has claimed exemption from preparing consolidated financial statements, as the Company is a controlled subsidiary of Globeleq Africa Holdings Limited. Consolidated financial statements are prepared by Globeleq Africa Holdings Limited and filed with The United Kingdom's Registrar of Companies ("Companies House").

10. Impairment of Non-Current Assets

The investments in subsidiary and associate undertakings are tested for impairment on an annual basis, or more frequently if there are indications that amounts might be impaired. The impairment test involves determining the recoverable amount of the investment and loans receivables, which corresponds to the higher of fair value less costs of disposal or the value in use.

Impairment of loans receivables from Globeleq Power Solutions Nigeria Limited, Globeleq Nigeria Limited and Globeleq Power Solutions Limited

On 24th December 2020, the Company acquired Globeleq Power Solutions Nigeria Limited ("GPSNL"), a company based in Nigeria. This was achieved through the acquisition of 74% of the holding company, Globeleq Power Solutions Limited ("GPSL"), a company incorporated in the UK, which had 100% ownership in GPSNL.

As at 31st December 2021, Group management intends to dispose of GPSNL by transferring its shares in GPSL back to the former owner ("CEHL") and compensation payable upon completion of the share sale is an area of significant uncertainty.

Therefore, the Company reassessed the recoverability of all amounts due from GPSNL, Globeleq Nigeria Limited and GPSL and concluded the full impairment of those balances is required, as their recovery was highly uncertain.

As a result, \$8,052,701 impairment charge was recognised through the statement of comprehensive income.

Impairment of Investment in Tsavo Power Company

Prior year, the Company recognised an impairment loss amounting to \$396,200 in relation to the investments held in Tsavo Power Company Limited, an associate undertaking.

The pre-tax discount rate used for these purposes was 8.4 per cent. The investment in Tsavo Power Company Limited's carrying amount exceeded the value in use of the investment in Tsavo Power Company Limited based on the future expected dividends and other cash inflows till the end of the PPA by \$396,200.

Notes to the Financial Statements**Impairment of Non-Current Assets (continued)**

Key assumptions in the value in use calculation determining the recoverable amount for the specific cash generating unit noted above were:

The PPA dictates the terms of sale of capacity and energy for a term of twenty years which expired in 2021. Revenue projections are based on sale prices embedded within the PPA and the contractual terms for periodic reset of these prices.

Management believed the assumptions utilised in determining value in use were consistent with past performance and were reasonably achievable in the future.

Impairment of investment in Songas

Prior year, the Company recognised an impairment loss amounting to \$11,488,000 in relation to the investments held in Globeleq Holdings (Songas) Limited, a subsidiary undertaking.

The pre-tax discount rate used for these purposes was 8.3 per cent. The investment in Globeleq Holdings (Songas) Limited's carrying amount exceeded the value in use of the investment in Globeleq Holdings (Songas) Limited based on the future expected dividends and other cash inflows till the end of the PPA by \$11,488,000.

Key assumptions in the value in use calculation determining the recoverable amount for the specific cash generating unit noted above were:

- While the PPA dictates the terms of sale of capacity and energy for a term of twenty years, with three years remaining, there is an assumption of a ten year extension to the PPA till the end of 2034; all contract terms are expected to be honoured.
- Revenue projections based on sale prices embedded within the PPA and the contractual terms for periodic reset of these prices.

Management believed the assumptions utilised in determining value in use were consistent with past performance and were reasonably achievable in the future.

10. Debtors

	2021	2020
	\$	\$
Amounts owed by group undertakings	294,925,417	128,157,997
VAT receivable	221,517	360,293
Prepayments	1,713,888	833,012
Net other debtors	5,845,522	1,907,110
	302,706,344	131,258,412

Notes to the Financial Statements**11. Cash**

	2021	2020
	\$	\$
Cash and cash equivalents	22,454,515	17,742,342

12. Creditors**Current:**

	2021	2020
	\$	\$
Trade creditors	1,379,030	1,359,704
Amounts due to group undertakings	180,178,330	51,041,308
Other taxes and social security	360,689	294,348
Accruals	19,234,437	6,385,323
	201,152,486	59,080,683

Non-Current:

	2021	2020
	\$	\$
Deferred and contingent consideration	6,148,583	31,530,867

The 2021 estimate for contingent consideration and the corresponding investment balance decreased by \$26.7m (refer to note 9). The liability was recognized as a result of the acquisition of the QIPP gas project in Nigeria and is revalued annually based on the management assessment of the likelihood of reaching the financial close.

Additional \$1.3m of the deferred consideration was recognized following the acquisition of ARC Renewable Energy Limited, a company owning a solar energy power plant in Egypt.

13. Operating Lease Commitments

The operating lease commitments as at 31st December 2021 are as follows:

	2021	2020
	\$	\$
Within one year	927,263	849,970
After one year but not more than five years	2,859,561	3,373,478
More than five years	-	-
	3,786,824	4,223,448

Notes to the Financial Statements**14. Share Capital**

	2021	2020
	\$	\$
At 31 December		
Ordinary shares of £1 each	339,485,650	339,485,650

15. Post-Employment Benefit Plans

From 1st July 2004, the Company commenced a pension scheme. This is a defined contribution scheme and is managed by Aviva. Contributions to the scheme are charged to the Statement of Comprehensive Income when payable. Contributions for 2021 totalled \$797,206 (2020: \$645,085). There were no outstanding amounts at 31st December 2021.

16. Notes to the Statement of Cash Flows**Adjustments for Non-Cash Items**

	2021	2020
	\$	\$
Adjustments on fixed assets (note 9)	1,080	(6)
Non-cash items relating to liquidated subsidiaries	100,000	(4)
Other non-cash items	2,495	-
	103,575	(10)

17. Related Party Transactions

During the year the Company conducted transactions with the following related parties:

- CDC Financial Services (Mauritius) Limited ('CDCFS'), a subsidiary of BII, holds a 30% interest in Tsavo, a power generation company based in Kenya. The Company provided directorship services to CDCFS amounting to \$30,000 (2020: \$30,000).
- Malindi Solar Group: The Company provided development funding to this entity amounting to \$1,717,588 (2020: \$7,491,486). The Company did not charge development fees to the entity (2020: \$Nil). These amounts were debited to the intercompany account with Globeleq Holdings (Kenya) Limited, Malindi Solar Group's intermediate holding company.
- Globeleq South Africa Holdings (Proprietary) Limited: In a group restructuring transaction in 2020 the Company recognised loans receivable from the entity amounting to \$32,994,326 in 2020. These loans have been fully repaid in 2021.
- Black Rhino Group Holdings Netherlands B.V., the Company provided development funding to this entity amounting to \$243,194 (2020: \$660,716).
- Globeleq Holdings (Kenya) Limited, the Company provided intercompany cash funding to the entity amounting to \$1,750,000 (2020: \$7,601,280).

Intercompany working capital movements with Globeleq Group subsidiaries, details of which are listed below.

Notes to the Financial Statements

Balance sheet	2021 Net Receivable/(Payable)	2020 Net Receivable/(Payable)
	\$	\$
Globeleq Africa Holdings Limited	74,752,157	38,016,726
Globeleq Expatriate Services Limited	3,197,505	3,712,273
CDC Financial Services	90,000	67,500
Globeleq Tanzania Services Limited	2,537	24,715
Tsavo Power Company Limited	14,839	14,839
Globeleq Holdings (South Africa Wind 2) Limited	-	14,378
Globeleq Holdings (South Africa Solar) Limited	-	14,378
Songas Limited	(75,506)	117,259
Globeleq Somanga Limited	164,918	126,051
Globeleq Tanzania Limited	142,768	126,826
Globeleq Holdings (South Africa) B.V.	612,573	578,893
Globeleq Holdings (Zambia) Limited	293,427	187,443
Globeleq Holdings (Kenya) Limited	23,248,163	20,155,796
Globeleq Holdings (Côte d'Ivoire) Limited	-	210
Globeleq Holdings (Ghana) B.V.	-	1,259,554
Globeleq Nominees Limited	48,157	39,163
Globeleq Holdings (Songas) Limited	(65,205,681)	(49,720,846)
Black Rhino Group Holdings Netherlands B.V.	14,887,992	13,651,593
Azito Energie S.A.	62,297	246,967
Azito O&M S.A.	122,517	(23,123)
Globeleq Cameron Management Services S.A.	(23,198)	(402,756)
Globeleq Holdings (Cote D'Ivoire) B.V.	2,717,259	(599,480)
Globeleq Kenya Asset Management Limited	1,537,933	999,151
Globeleq South Africa Holdings (PTY) Ltd	104,687	33,097,424
Kribi Power Development Company S.A.	477,608	(17,074)
Jeffreys Bay Wind Farm (PTY) Limited	-	944,884
Globeleq Kenya Limited	(735,938)	(278,019)
Globeleq Holdings Cameroon B.V.	34,251	36,735
Globeleq Mozambique Renewables Holdings (PTY) Ltd	4,156,466	1,130,580
Dibamba Power Development Company S.A.	381,347	67,305
Globeleq Nigeria Limited	-	5,361,593
Temane Energy Consortium (Pty)	26,802,698	8,050,010
Globeleq Power Solutions Limited	-	25,847
Globeleq Aurora Sola One Limited	(44,836)	11,598
Globeleq Holdings (Tanzania) Limited	11,225	4,769
Globeleq Investment Limited	11,225	4,769
Cinergy Holding Company B.V.	130,262	30,768
Globeleq Energy Holdings (Ghana) B.V.	-	24,614
ARC Renewable Energy Limited ¹	14,933,626	-
Central Termica de Temane SA	3,801,166	-
Globeleq Energia Moçambique SA	36,366	-
Globeleq Overseas Services Limited	1,065,693	-
Globeleq South Africa Management Services	6,888,151	-
QIPP Investment B.V.	65,106	-
Aboadze Power Company Limited	23,370	-
Globeleq Tanzania Energy Limited	7,660	-
Globeleq Tanzania Power Limited	7,647	-
Amounts owed to other related party companies	(1,349)	13,376
Total	122,799,788	77,116,689

¹ Amount owed by ARC Renewable Energy Limited is unsecured, has no fixed date of repayment and is repayable on demand.

Notes to the Financial Statements

18. Directors' Remuneration

Directors' remuneration totalled \$2,501,064 for the year (2020: \$1,639,422).

This includes an accrual for \$1,253,087 in relation to a long-term employee incentive programme which covers the years 2019-2021 and paid in 2022 and 2023 respectively. (2020: \$185,227)

The highest paid director was paid \$611,800 in 2021 (2020: \$659,421). In addition, an accrual was made for \$760,048 in relation to a long-term employee incentive programme which covers years 2019 - 2021 and paid in 2022 and 2023 respectively. (2020: \$138,313).

There were no post-employment benefits in 2021 (2020: \$Nil).

19. Ultimate Parent Company

Globeleq Africa Limited is a wholly owned subsidiary of Globeleq Africa Holdings Limited, itself owned by Globeleq Limited. The Company's ultimate parent undertakings are British International Investment PLC (formerly CDC Group PLC) and Norfund.

20. Post Balance Sheet Events

On 24th March a loan repayment of \$20m was made by the Company to the Shareholders.

On 28th March an SPA was signed between Quantum Power and the Group to acquire 100% of a geothermal project in Kenya (Menengai).