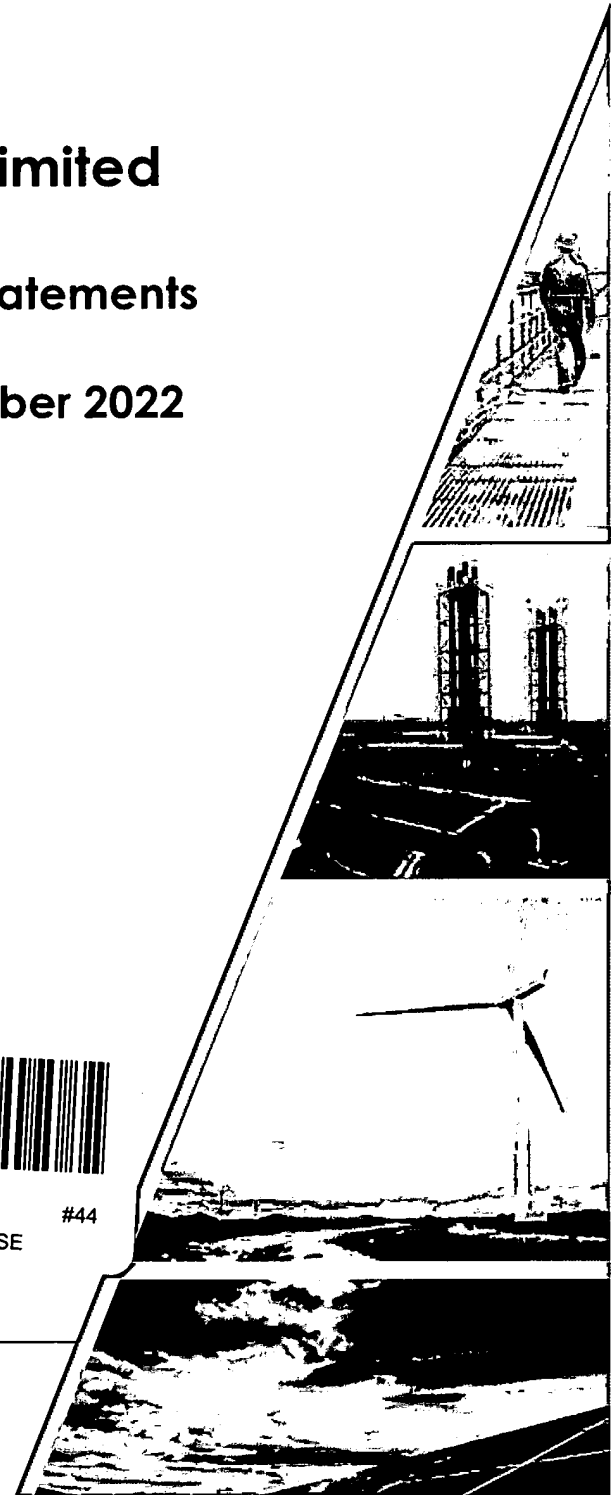




**Globeleq Africa Limited**  
**Report and Financial Statements**  
**Year Ended 31 December 2022**



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**

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**Parent registered office**

Globeleq Africa Holdings Limited  
2<sup>nd</sup> Floor, Regency Court  
Gategny Esplanade  
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GY1 1WW

## **Strategic Report**

The directors present their strategic report for the year ended 31 December 2022.

### **Principal Activities**

Globeleq Africa Limited (the 'Company') is an intermediary parent of a group that develops, owns and operates power plants, with a sole focus on the African continent. The Company and its subsidiaries shall together be referred to as the 'Group'. The Group's mission is to power Africa's growth using a broad range of generating technologies together with a strong track record of developing new capacity and operational excellence to be a trusted, reliable and committed partner of choice within the African independent power producer (IPP) market.

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'), and 30% by the Norwegian Investment Fund for Developing Countries ('Norfund').

The Group made good progress in 2022 with its projects across Africa which continue to deliver reliable power to over 9.7 million people. The Group currently operates around 1,456MW of power, has 722 MW of power in construction and has an extensive, renewables-focused pipeline of development opportunities right across Africa and in several established and potential technologies.

### **Business Development Activities**

The Group carries out development activities across the continent. This can take the form of 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 that needs industry expertise and capital to take it to financial close; or acquiring an asset.

At present, the Group is looking at opportunities in South Africa, Mozambique, Zambia, Tanzania, Kenya, Ghana, Cote d'Ivoire, Nigeria, Namibia and Egypt. These opportunities include solar and wind projects as well as opportunities in new technologies.

At COP27, Mike Scholey, CEO of Globeleq, signed a Framework Agreement with the Egyptian Government to develop a large-scale green hydrogen facility within the Suez Canal Economic Zone. The Group also made good progress with the Menengai Project in Kenya, the Group's first entry into geothermal energy generation, and expects to reach financial close on this project in 2023.

Elsewhere the Group expects to make further progress with a suite of projects in Mozambique, a solar project in Namibia that would provide power into the South African Power Pool, and progress on solar and wind projects awarded to the Group in South Africa's Round 5 renewable tenders.

Each project is subject to environmental and social impact assessments based on IFC Performance Standards and World Bank Group EHS guidelines. The Group measures and reports its ESG performance to Management and Shareholders (see further details in the ESG section).

### **Construction**

The Group's Construction team lends support to business development pre-close and is responsible for the construction phase of a project and the handover of operations once a new plant is completed.

The teams are involved at an early stage to ensure that a proposed plant can be designed, built and operated safely and profitably. The Group seeks to outsource building to contractors where possible and to control costs with turnkey contracts that set a fixed price and timescale for delivery of the plant.

The Phase 4 expansion at the Azito combined cycle gas turbine plant in Côte d'Ivoire (253MW) is progressing towards completion in 2023. Execution of this project has been delayed by problems mostly associated with the knock-on effects of the Covid-19 pandemic and the consequences on construction.

### **Safety**

Safety is a core value for Globeleq and a key priority. The Group empowers its employees to work safely every day, as well as taking ownership of their safety and the safety of those around them.

Having delivered an outstanding safety performance in 2021, the Group again performed exceptionally well in 2022. The operations safety incident rate rose very slightly to 0.06 per 200,000 working hours in 2022 (2021: 0.05), placing Globeleq in the top decile of the electrical industry in terms of safety, according to data compiled by the Bureau of Labor in the United States. The incident rate includes lost-time accidents and incidents resulting in medical treatment or work restriction and is calculated in line with The US Occupational Safety and Health Administration ("OSHA") definition (number of reportable incidents x 200,000/working hours).

The Company began tracking the incident rate in the construction of projects in 2020, while working with EPC (Engineering, Procurement and Construction) contractors and subcontractors to instil a culture of safety on construction sites. The incident rate for construction projects for the year was 0.09 (2021: 0.2), a significant improvement from the previous year.

### **Operations**

At the end of 2022, the Group operates power plants with a combined total capacity of 1,456MW (gross) in six African countries: Cameroon, Côte d'Ivoire, Kenya, South Africa, Tanzania and Egypt.

Electricity demand continued to recover across 2022 as the Covid-19 pandemic receded. Major power shortages in South Africa due to significant issues at the state power company, Eskom, lead to daily load-shedding for all South Africans and have focused the attention of African governments on the need to secure reliable energy supplies for their populations.

The plants operated throughout the period to provide electricity in each market. The overall plant availability for the Group in 2022 was 95.6% in comparison to 94.7% in 2021.

### **Risk Management**

Globeleq manages risk through the implementation of a fit-for-purpose Risk Management Framework. This framework includes a process for identifying, assessing, responding to and monitoring risks to support the delivery of our business objectives. Risk management is actively used to support decision-making. At the Group level, the following risk categories are used; Geo-political (external), strategic, business development, construction, operations, ESG (Environment, Social and Governance), finance and people.

### **Geo-political (External) Risks**

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

Macroeconomic and socio-political risks include global events that impact the countries in which we operate, global and local changes in inflation and exchange rates that impact the demand and supply of electricity and changes in the political landscape that impacts policy and investment in the sector. We monitor the environment and focus on building and managing relationships with key stakeholders.

Global supply chains stabilised at the start of 2022 following the Covid-19 pandemic, but they were impacted by the invasion of Ukraine by Russia in February 2022. Since then, the business impact from the war in Ukraine has been integrated into the Group's Business Plan and supply chains have largely stabilised once again with procurement activities for the existing construction and maintenance projects, being largely on track.

### **Strategic Risks**

Globeleq operates power stations in Africa. Its customers are mainly state-owned entities and due to economic and political factors, this is inherently a high-risk business. The nature of Globeleq's business, with long development lead times and the relative ease of expanding in jurisdictions where the Group already operates, heightens the risk of a lack of diversity in the portfolio.

Nevertheless, the Group remains focused on growing its portfolio, 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.

The world is now in the midst of the Energy Transition as it decarbonises and heads towards net zero in compliance with the Paris Accord. As a leading power company in Africa, Globeleq is managing its business and portfolio through the Energy Transition and while the future shape of the Energy Transition is unknown, and hence a strategic risk, Globeleq believes it is well placed to manage this risk and capitalise on the opportunities it presents.

As part of this strategy, the Group is targeting game-changing, larger, complex projects such as Green Hydrogen/ammonia, dedicating resources to greenfield development and focusing on a smaller set of target countries.

### **Business Development Risks**

Business Development is an inherently risky process, exacerbated in the power generation industry and the African continent by various factors. Risk factors include the time it takes to develop greenfield projects in volatile macro-economic and socio-political environments, the creditworthiness of offtakers, stability of regulatory frameworks and economies to support the development of power projects. The impact of these risks could result in financial losses due to spending money on developing projects which do not complete through delays, customer withdrawal, or non-completion of viable projects.

The limited number of suitably scaled, viable, renewable, and green energy projects in Africa, combined with the extended timeline to close projects, impacts the Group's ability to grow the development pipeline at a continuous, sustained pace.

Globeleq has a potential pipeline of more than 5GW of diverse opportunities across the continent, with several projects expected to close in the next three calendar years.

### **Construction Risks**

Construction remains a high-risk area, with key risks being around construction quality and delays and managing the transition from construction to operations. Although economies started recovering from the impact of Covid-19, the conflict in Ukraine impacted global commodity prices in 2022, and supply chains have been impacted by delays and increased costs. To help manage these risks during construction, 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 safely, to specifications, on time and within budget. We select EPC contractors with a proven track record and utilise experienced professionals to manage the contractors on-site. Fixed price contracts can lead to EPC contractors making a loss on contracts which can cause delays and quality issues on Projects in construction.

### **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.

Revenue generation for Globeleq is dependent on the reliable, consistent performance of our plants. A technical failure, particularly at our bigger operations, may derail the achievement of financial and other objectives. Failure to manage maintenance processes in line with O&M plans or quality standards will prevent our plants from delivering electricity and ensuring availability at the levels defined in our long-term PPAs. There are rigorous O&M performance management processes in place that identify capital expenditure projects for inclusion in the annual operating plans and monitor maintenance activities closely with regular KPIs for control and timely corrective actions.

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. In 2022 the Group employed a dedicated Head of Cybersecurity to coordinate the management of this risk across all operating assets.

### **Environment, Social and Governance (ESG) Risks**

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. In addition, climate change has impacted the future of electricity generation and the business now has an increased focus on renewable technologies and other projects which directly assist Globeleq's path to net zero carbon emissions.

Plants are subject to strict environmental laws and contractual conditions covering emissions, noise and vibration levels, and 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.

Globeleq aspires to be the power sector leader and partner of choice for African nations and therefore maintains high integrity standards. Globeleq conducts third-party due diligence before engaging contractors, consultants or other business partners and recruitment processes include checks on the background and history of candidates. The Globeleq Code of Conduct sets out expectations and standards for how employees and business partners are expected to behave. There is a mechanism to report suspected breaches, and reports are investigated, with regular reporting to the Audit and Risk Committee.

### **Finance Risks**

The success of any business depends on the 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 offtakers, partners, government officials and the sector as a whole.

Globeleq is a dollar-denominated Group and most of its income is pegged to the US Dollar, however, there is exposure to the Euro, South African Rand and Egyptian Pound. To date, the policy has been not to actively hedge the foreign exchange exposure at a Group level (which can add some volatility to revenue, earnings, and cash receipts). The main exposures include the Rand revenues from South Africa and the UK sterling costs in London.

The Group has several legal and tax exposures as Globeleq's operations are subject to wide-ranging laws and regulations which expand each year. The Group tax policy is that all the businesses pay taxes in line with local legislation, and while steps are taken to minimise tax leakage on the payment of dividends, no structures are put in place to avoid paying taxes in the countries in which the business operates.

In 2022 the business conducted a risk assessment for compliance with UK Corporate Criminal Offence legislation which deals with the facilitation of tax evasion in the UK and in jurisdictions outside the UK where the company operates. The risk assessment showed minor risks relating to supplier and customs payments which are mitigated by existing controls.

### **People Risks**

Globeleq's highly skilled workforce and experienced management team are critical to maintaining our current operations and achieving long-term growth. Managing talent is a key issue for the Group in Business Development, Engineering, Construction and ESG where there is strong competition for talent. In power plants, there is a low turnover of staff, which impacts career progression. In some of our markets, where there are a limited number of IPPs, it can be difficult to find superior-quality recruits at a senior level.

We continue to focus on employee engagement and growing line manager capability to enable managers to release and activate the unique strengths and styles of every employee. We also manage our Annual Performance and Compensation process diligently to ensure that remuneration levels remain competitive.

### **Internal Controls for Managing Risk**

The Company applies the 'three lines model' to managing risk, as recommended by the Institute of Internal Auditors.

**First Line Roles:** Managers are tasked with the direct, day-to-day supervision and control of risk through policies, procedures and systems.

**Second Line:** Management oversight. This is the responsibility of the Board of Directors, via sub-committees and the Executive Committee (ExCo) including the Investment Committee. In addition, the Group implements several second-line reviews, including technical and safety reviews, peer reviews, pre-commissioning and post-financial close reviews. These reviews are carried out by staff across the organisation and provide an excellent opportunity to share experiences, learn and build broader capabilities within the Group.

**Third Line:** The internal audit function is led by the Head of Internal Audit and Risk. This is an independent, objective assurance and consulting activity designed to add value and improve our organisation's operations. It helps the Group accomplish its objectives by bringing a disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

### **Business Integrity and Compliance**

Integrity is one of our core values and high corporate governance standards are expected. The Group has policies and procedures in place to combat fraud, bribery and other financial irregularities and to promote good practices.

Promoting business integrity also has a clear developmental value for countries in Africa, by increasing access to capital and reducing investment risk.

The Group's Code of Conduct sets out the expected behaviour of all employees. This is supported by a more detailed Anti Bribery and Anti-Corruption Policy. Employees must renew their pledges yearly. A hotline, operated by an independent contractor, allows employees to report suspicious behaviour anonymously by telephone or email.

New employees receive business integrity and compliance training, and all employees take refresher courses every two years. In projects involving third parties, the Group carries out due diligence evaluations to understand potential business integrity risks.

### **Strategic Report (continued)**

The Group has robust financial procedures and systems so that all payments are properly accounted for and all consultancy contracts with third parties are monitored.

#### **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.

### **Strategic Report (continued)**

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.

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.

**Strategic Report (continued)**

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.

This report was approved by the Board and signed on its behalf on 28<sup>th</sup> June 2023.

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 2022.

### Review of Activities and Future Developments

The Company had 722MW under construction at the end of 2022. The Phase 4 expansion at the Azito combined cycle gas turbine plant in Côte d'Ivoire (253MW) is progressing towards completion in 2023. In Mozambique, the Central Termica de Temane gas plant (450MW) and the Cuamba solar and battery project (19MW with 7MWh battery storage) both started construction in 2022 with Cuamba expected to start producing power later in 2023 and Temane in 2024.

The Company has an extensive portfolio of potential projects with renewable energy projects in Namibia, South Africa and Mozambique all expected to make significant progress in 2023. In Kenya, the Company expects to reach financial close at the Menengai project, the first geo-thermal project, 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 loss for the year after taxation was \$55.6m (2021 profit: \$65.0m). This was mainly a result of a decrease in dividend income from subsidiaries from \$108.1 million in 2021 to \$9.9 million in 2022.

No dividends were paid during the year (2021: \$Nil).

### Directors and their Interests

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

	<b>Appointed</b>
MD Scholey	3 <sup>rd</sup> September 2015
ASJ Ramsay	11 <sup>th</sup> April 2016
IJ Coxon	23 <sup>rd</sup> January 2020

None of the directors at any time during the year ended 31<sup>st</sup> December 2022 or subsequent to 31<sup>st</sup> December 2022 had any interest in shares or debentures of the Company.

None of the directors at any time during the year ended 31<sup>st</sup> December 2022 had any material interest in any contracts with the Company or its subsidiaries.

## **Directors' Report (continued)**

### **Charitable Contributions**

During the year, the Company did not make any charitable donations (2021: \$Nil).

### **Political Contributions**

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

### **Post Balance Sheet Events**

There were no significant events after the reporting period which might need disclosure or adjustment in the financial statements.

### **Going Concern**

Whilst the Company is loss making, the Directors of the Company consider that it has adequate financial resources such that the Company is in a position to continue operating for the period to 30 June 2024, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company.

The Directors of the Company have satisfied themselves that it is in a sound financial position, taking into account the forecast cash flows of the Company and its subsidiaries and access to all means of liquidity. Shareholder loans are not repayable until 2030 and the Company has no other external financing or significant liabilities. There are no guarantees to subsidiaries other than those disclosed in the notes to the accounts. The Company has access to cash within its subsidiaries should it be required to settle its liabilities.

Potential impacts (such as residual Covid-19 concerns, climate change, Ukraine war 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 Directors have therefore concluded that the Group has access to sufficient financial resources to meet its liabilities as they fall due. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

**Directors' Report (continued)**

**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



.....  
**Ian Coxon**  
Chief Financial Officer

Director

28<sup>th</sup> June 2023

### **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 2022 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 2022 and of its loss 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 30 June 2024.

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 this gives rise to 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 15, 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.

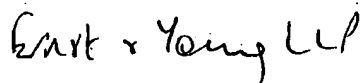
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 102 and Company Act 2006) and the relevant tax compliance regulations in the jurisdiction in which the 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.



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**William Testa (Senior statutory auditor)**  
for and on behalf of **Ernst & Young LLP**, Statutory Auditor  
London

Date: 29 June 2023

**Statement of Comprehensive Income**  
For the year ended 31 December 2022

	Notes	2022	2021
		\$	\$
Revenue	3	5,167,963	35,337,465
Dividend income		9,926,478	108,143,330
Staff costs	5	(17,714,912)	(25,009,436)
Other operating expenses		(49,322,421)	(41,848,927)
<b>(Loss)/profit from operations</b>	4	<b>(51,942,892)</b>	76,622,433
Impairment of non-current assets	10	(2,361,476)	(8,052,701)
Interest payable and similar charges	6.1	(825,798)	(281,755)
Interest income	6.2	128,302	1,227,969
<b>(Loss)/profit before tax</b>		<b>(55,001,864)</b>	69,515,946
Tax on (loss)/profit from ordinary activities	7.1	(577,925)	(4,507,635)
<b>(Loss)/profit after taxation</b>		<b>(55,579,789)</b>	65,008,311

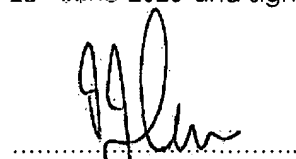
All amounts are derived from continuing operations in both the current and preceding year.

**Statement of Financial Position**  
As at 31 December 2022

	Notes	2022 \$	2021 \$
<b>Non-current assets</b>			
Tangible fixed assets	8	460,139	591,611
Intangible assets	8	-	2,964,475
Investments in subsidiary and associate undertakings	9	329,480,354	316,876,686
		<b>329,940,493</b>	320,432,772
<b>Current assets</b>			
Debtors	11	278,748,089	302,706,344
Cash	12	17,537,284	22,454,515
		<b>296,285,373</b>	325,160,859
<b>TOTAL ASSETS</b>		<b>626,225,866</b>	645,593,631
<b>Capital and reserves</b>			
Share capital	15	339,485,650	339,485,650
Retained earnings		43,227,123	98,806,912
<b>Total equity</b>		<b>382,712,773</b>	438,292,562
<b>Current liabilities</b>			
Creditors	13	226,523,838	201,152,486
Contingent consideration	13	848,750	-
Provisions	13	8,229,741	-
		<b>235,602,329</b>	201,152,486
<b>Non-current liabilities</b>			
Contingent consideration	13	4,800,000	6,148,583
Provisions	13	3,110,764	-
		<b>7,910,764</b>	6,148,583
<b>Total liabilities</b>		<b>243,513,093</b>	207,301,069
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>626,225,866</b>	645,593,631

The financial statements were approved by the board on 28<sup>th</sup> June 2023 and signed on their behalf by:

  
.....  
**Mike Scholey**  
Chief Executive Officer

  
.....  
**Ian Coxon**  
Chief Financial Officer

**Statement of Changes in Equity**  
For the Year Ended 31 December 2022

	<b>Called up share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
At 1 January 2021	<b>339,485,650</b>	<b>33,798,601</b>	<b>373,284,251</b>
Profit for the year	-	65,008,311	65,008,311
Dividend paid	-	-	-
Total movement for the year	-	65,008,311	65,008,311
<b>At 31 December 2021</b>	<b>339,485,650</b>	<b>98,806,912</b>	<b>438,292,562</b>
Loss for the year	-	(55,579,789)	(55,579,789)
Total movement for the year	-	(55,579,789)	(55,579,789)
<b>At 31 December 2022</b>	<b>339,485,650</b>	<b>43,227,123</b>	<b>382,712,773</b>

**Statement of Cash Flows**

As at 31 December 2022

	Notes	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
(Loss)/profit for the financial year		<b>(55,579,789)</b>	65,008,311
Adjustments for:			
Depreciation of owned fixed assets	8	<b>3,095,947</b>	3,756,328
Impairment of non-current assets	9-10	<b>2,361,476</b>	8,052,701
Finance costs	6.1	<b>825,797</b>	281,755
Interest received	6.2	<b>(128,302)</b>	(1,227,969)
Taxation	7.1	<b>577,925</b>	4,507,635
Impairment of financial assets		<b>14,503,793</b>	103,575
Non-cash movement in provisions		<b>11,340,504</b>	-
<b>(Loss)/profit from operations before changes in working capital</b>		<b>(23,002,649)</b>	80,482,336
Decrease/(Increase) in debtors		<b>9,454,463</b>	(163,213,348)
Increase/(Decrease) in creditors		<b>25,371,353</b>	142,071,803
Adjustments for non-cash items	17	-	-
<b>Cash generated/(utilised) from operations</b>		<b>11,823,167</b>	59,340,791
Income tax paid		<b>(577,925)</b>	(4,507,635)
<b>Net cash generated/(utilised) from operating activities</b>		<b>11,245,242</b>	54,833,156
<b>Cash flows from investing activities</b>			
Distributions from subsidiaries		-	-
Interest received	6.2	<b>128,302</b>	1,227,969
Investment in subsidiaries		<b>(17,065,144)</b>	(35,907,985)
Associates share capital reduction		<b>2,100,000</b>	1,500,000
Business acquisition		<b>(848,750)</b>	(16,659,212)
Adjustments for non-cash items		-	-
<b>Net cash used in investing activities</b>		<b>(15,685,592)</b>	(49,839,228)
<b>Cash flows from financing activities</b>			
Interest paid	6.1	<b>(476,881)</b>	(281,755)
<b>Net cash used in financing activities</b>		<b>(476,881)</b>	(281,755)
<b>Net (Decrease)/increase in cash and cash equivalents</b>		<b>(4,917,231)</b>	4,712,173
Cash and cash equivalents as at 1 January	12	<b>22,454,515</b>	17,742,342
<b>Cash and cash equivalents as at 31 December</b>	12	<b>17,537,284</b>	22,454,515

## **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**

Whilst the Company is loss making, the Directors of the Company consider that it has adequate financial resources such that the Company is in a position to continue operating for the period to 30 June 2024, and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements of the Company.

The Directors of the Company have satisfied themselves that it is in a sound financial position, taking into account the forecast cash flows of the Company and its subsidiaries and access to all means of liquidity. Shareholder loans are not repayable until 2030 and the Company has no other external financing or significant liabilities. There are no guarantees to subsidiaries other than those disclosed in the notes to the accounts. The Company has access to cash within its subsidiaries should it be required to settle its liabilities.

Potential impacts (such as residual Covid-19 concerns, climate change, Ukraine war 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 Directors have therefore concluded that the Group has access to sufficient financial resources to meet its liabilities as they fall due. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

## Notes to the Financial Statements

### 2. Accounting Policies (continued)

#### 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'.

#### 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.

## Notes to the Financial Statements

### 2. Accounting Policies (continued)

#### 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.

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.

## Notes to the Financial Statements

### 2. Accounting policies (continued)

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.

#### 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.

## Notes to the Financial Statements

### 2. Accounting Policies (continued)

#### 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:

##### *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**

	<b>2022</b>	2021
	\$	\$
Intercompany management service fee	<b>5,167,963</b>	35,337,465
<b>Total revenue</b>	<b>5,167,963</b>	<b>35,337,465</b>

In 2021, the services fees included \$31m invoiced to Temane Energy Consortium (Pty) Limited and Globeleq Mozambique Renewable Holdings (Pty) Limited in relation to the Temane and Cuamba projects development fees.

**4. Operating Profit**

This is stated after charging / (crediting):

	<b>2022</b>	2021
	\$	\$
Auditors' remuneration	<b>32,114</b>	33,618
Depreciation charge of owned fixed assets	<b>3,095,947</b>	3,756,328
Operating lease charges	<b>786,390</b>	813,775
Exchange loss / (gain)	<b>1,202,289</b>	(656,093)

There were no non-audit services during the year (2021: None).

**5. Staff Costs**

	<b>2022</b>	2021
	\$	\$
Wages and salaries	<b>14,956,137</b>	22,009,224
Social security costs	<b>1,459,804</b>	1,680,252
Other staff costs: medical, insurance & relocation	<b>513,978</b>	522,754
Pension costs (See note 16)	<b>784,993</b>	797,206
	<b>17,714,912</b>	<b>25,009,436</b>

Average monthly number of employees for the period	<b>62</b>	60
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**Notes to the Financial Statements**

**6. Interest Income and Interest Payable and Similar Charges**

**6.1 Interest Payable and Similar Charges**

	2022	2021
	\$	\$
Bank interest paid	453,750	228,283
Finance costs	348,917	-
Bank commission paid	23,131	53,472
	<u>825,798</u>	<u>281,755</u>

**6.2. Interest Income**

	2022	2021
	\$	\$
Bank interest received	102,157	8,887
Intercompany interest received	26,145	1,219,082
	<u>128,302</u>	<u>1,227,969</u>

**7. Taxation**

**7.1 Tax on Profit on Ordinary Activities**

	2022	2021
	\$	\$
<b>UK current tax</b>		
Deferred tax credit	-	-
Withholding tax on dividends received	577,925	4,507,635
<b>Tax on (loss)/profit on ordinary activities</b>	<u>577,925</u>	<u>4,507,635</u>

**Tax reconciliation note**

(Loss)/profit before tax	(55,001,864)	69,515,946
Tax at 19% (2021: 19%)	(10,450,354)	13,208,030
Dividend income taxed at source	(1,886,031)	(20,547,233)
Expenses not deductible for tax purposes	3,390,950	1,545,977
Income not taxable	(24,377)	(233,314)
Losses not recognised	8,969,812	6,026,540
Withholding tax on dividends received	577,925	4,507,635
Credit for the period	-	(328,330)
<b>Tax on profit on ordinary activities</b>	<u>577,925</u>	<u>4,507,635</u>

The effective UK corporation tax rate was 19% for the year ended 31<sup>st</sup> December 2022 (2021: 19%). No deferred tax asset has been recognised in relation to losses arising in 2022, as no future taxable profits are available to offset against.

## Notes to the Financial Statements

### 7.2. Deferred Tax

The company has gross tax losses of \$147,532,733 (2021: \$100,323,196) which are available indefinitely for offset against future taxable profits and exceed other temporary differences by \$147,532,733 (2021: \$100,323,196). A Deferred tax asset has not been recognised in respect of these losses, as no future taxable profits are available to offset against.

### 8. Tangible Fixed Assets and Intangible Assets

	Fixtures & fittings	Leasehold	Software	Total
	\$	\$	\$	\$
<b>Cost</b>				
At 31 December 2021	597,903	1,154,488	10,291,541	12,043,932
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 31 December 2022</b>	<b>597,903</b>	<b>1,154,488</b>	<b>10,291,541</b>	<b>12,043,932</b>
<b>Accumulated depreciation</b>				
At 31 December 2021	568,367	592,414	7,327,065	8,487,846
Charge for the period	18,825	112,646	2,964,476	3,095,947
<b>At 31 December 2022</b>	<b>587,192</b>	<b>705,060</b>	<b>10,291,541</b>	<b>11,583,793</b>
<b>Net book value at 31 December 2022</b>	<b>10,711</b>	<b>449,428</b>	<b>-</b>	<b>460,139</b>
Net book value at 31 December 2021	29,536	562,075	2,964,476	3,556,086

### 9. Investments in Subsidiaries and Associate Undertakings

	2022	2021
	\$	\$
<b>Net book value</b>		
At 1 January	316,876,686	307,581,553
Additions	17,065,144	37,626,000
Disposals	(2,100,000)	(1,600,000)
Change in expected deferred contingent consideration	-	(26,730,867)
Impairment loss (See Note 10)	(2,361,476)	-
<b>At 31 December</b>	<b>329,480,354</b>	<b>316,876,686</b>

## 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
			2022	2021	
<b>Subsidiaries</b>					
South Africa	De Aar Solar Power (RF) (Pty) Ltd	Ordinary	56.8%	56.8%	Solar generation
South Africa	Droogfontein Solar Power (RF) (Pty) Ltd	Ordinary	56.8%	56.8%	Solar generation
South Africa	Jeffreys Bay Wind Farm (RF) (Pty) Ltd	Ordinary	59%	59%	Wind generation
South Africa	Diamond Wind Development (Pty) Ltd	Ordinary	52%	52%	Development company
South Africa	Temane Energy Consortium (PTY) Ltd	Ordinary	100%	100%	Holding entity
South Africa	Globeleq Central Africa Holdings (Pty)) Ltd	Ordinary	100%	100%	Holding Entity
Tanzania	Songas Ltd	Common	54.1%	54.1%	Gas fired
Ghana	Aboadze Power Company Ltd	Ordinary	95%	95%	Development company
Netherlands	Globeleq Holdings (Côte d'Ivoire) B.V.	Ordinary	100%	100%	Holding entity
South Africa	Klipheuwel Wind Farm (RF) Pty Ltd	Ordinary	65%	65%	Wind generation
South Africa	Aries Solar Power (RF) Pty Ltd	Ordinary	51%	51%	Solar generation
South Africa	Konkoonsies Solar Power (RF) Pty Ltd	Ordinary	51%	51%	Solar generation
South Africa	Soutpan Solar Power (RF) Pty Ltd	Ordinary	51%	51%	Solar generation
South Africa	Boshof solar Power (RF) Pty Ltd	Ordinary	51%	51%	Solar generation
South Africa	Globeleq South Africa Operations (Pty) Ltd	Ordinary	100%	100%	Advisory services
Côte d'Ivoire	Azito Energie SA	Ordinary	76.9%	76.9%	Gas fired
Mauritius	Globeleq Expatriate Services Ltd	Ordinary	100%	100%	Services company
UK	Globeleq Holdings (Tanzania) Ltd	Ordinary	100%	100%	Holding Entity
UK	Globeleq Nominees Limited	Ordinary	100%	100%	Holding entity
UK	Globeleq Holdings (Zambia) Ltd	Ordinary	100%	100%	Holding entity
UK	Globeleq Holdings (Kenya) Ltd	Ordinary	100%	100%	Holding entity
UK	Globeleq Investment Ltd	Ordinary	100%	100%	Holding entity
UK	Globeleq Nigeria Ltd	Ordinary	100%	100%	Holding entity
UK	Globeleq Power Solutions Ltd	Ordinary	-	74%	Holding entity
Kenya	Malindi Solar Group Ltd	Ordinary	90%	90%	Solar generation
Nigeria	Qua Iboe Power Company Ltd	Ordinary	85%	85%	Gas fired
Mozambique	Globeleq Calanga Wind (SA)	Ordinary	98%	98%	Holding entity
Mozambique	Globeleq Energia Mocambique SA	Ordinary	99.9%	99.9%	Solar generation
UK	ARC Renewable Energy Ltd	Ordinary	100%	100%	Holding entity
UK	Globeleq Overseas Services Ltd	Ordinary	100%	100%	Services company
South Africa	Keren Energy Visserpan No.1 Pty Ltd	Ordinary	100%	-	Development company
South Africa	Keren Energy Visserpan No.2 Pty Ltd	Ordinary	100%	-	Development company
South Africa	Keren Energy Visserpan No.3 Pty Ltd	Ordinary	100%	-	Development company
South Africa	Keren Energy Visserpan No.4 Pty Ltd	Ordinary	100%	-	Development company
<b>Associates</b>					
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 BII 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 24 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.

In October 2021, the Board of Directors of Globeleq Limited approved the exercise of its contractual right to unwind the original transaction and to return the control of GPSL to the former owner, Clean Energy Holdings Limited ("CEHL").

As a result, \$8,052,701 impairment charge was recognised through the statement of comprehensive income for the year ended 31 December 2021.

In 2022 an additional \$1,484,319 loan receivable was concluded irrecoverable resulting in full impairment recognised within other operating expenses in the income statement.

In December 2022 the ownership over GPSNL was successfully transferred back to the previous owner.

#### Impairment of Investment in Tsavo Power Company

In the prior year, the Company recognised an impairment loss amounting to \$396,200 in relation to the investment held in Tsavo Power Company Limited, an associate undertaking. As a result the book value was aligned with the money received from Tsavo in January 2022 following the capital reduction.

In 2022 the Company wrote off the remaining investment balance of \$777,300 following the decision to decommission the Tsavo power station. Discussions are underway to either transfer the plant to the State operator, Kengen, or decommission the plant.

## Notes to the Financial Statements

### Impairment of investment in Keren

On 8 July 2022, the Company acquired 100% of shares in four SA entities: Keren Energy Visserspan No1 Proprietary Limited, Keren Energy Visserspan No2 Proprietary Limited, Keren Energy Visserspan No3 Proprietary Limited, Keren Energy Visserspan No4 Proprietary Limited (Keren), with the purpose to use these 'bid ready' entities for participation in the tender for the South African Round 6 program (400MW of solar PV).

Globeleq's bid was not successful in Round 6 held in December 2022.

The Company recognised an impairment loss amounting to \$1,484,176 as these assets are considered not to be recoverable until Globeleq wins a tender for a specific project.

### 11. Debtors

	2022	2021
	\$	\$
Amounts owed by group undertakings	276,505,516	294,925,417
VAT receivable	320,280	221,517
Prepayments	1,281,566	1,713,888
Other debtors	640,727	5,845,522
	<b>278,748,089</b>	<b>302,706,344</b>

### 12. Cash

	2022	2021
	\$	\$
Cash and cash equivalents	17,537,284	22,454,515

### 13. Creditors

#### Current:

	2022	2021
	\$	\$
Trade creditors	2,275,398	1,379,030
Amounts due to group undertakings	215,778,955	180,178,330
Other taxes and social security	294,487	360,689
Accruals	8,174,998	19,234,437
Contingent consideration	848,750	-
Provisions	8,229,741	-
	<b>235,602,329</b>	<b>201,152,486</b>

The \$0.8m contingent consideration relates to the acquisition of ARC Renewable Energy Limited, a company owning a solar energy power plant in Egypt (2021: \$1.3m disclosed in non-current creditors).

A provision of \$ 8.2m has also been recorded for bonds related to project development in South Africa.

**Notes to the Financial Statements**

**Non-Current:**

	2022	2021
	\$	\$
Deferred and contingent consideration	4,800,000	6,148,583
Provisions	3,110,764	-
	<u>7,910,764</u>	<u>6,148,583</u>

The \$4.8m non-current deferred contingent consideration 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 (2021: \$4.8m).

A provision of \$3.1m was recognised in relation to a long-term employee incentive programme which covers years 2022-2024 and paid in 2025 and 2026 respectively.

**14. Operating Lease Commitments**

The operating lease commitments as at 31<sup>st</sup> December 2022 are as follows:

	2022	2021
	\$	\$
Within one year	1,005,163	927,263
After one year but not more than five years	1,714,040	2,859,561
More than five years	-	-
	<u>2,719,203</u>	<u>3,786,824</u>

**15. Share Capital**

	2022	2021
	\$	\$
<b>At 31 December</b>		
Ordinary shares of £1 each	<u>339,485,650</u>	<u>339,485,650</u>

**16. Post-Employment Benefit Plans**

From 1 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 2022 totalled \$784,993 (2021: \$797,206). There were no outstanding amounts at 31 December 2022.

**Notes to the Financial Statements**

**17. Notes to the Statement of Cash Flows**

**Adjustments for Non-Cash Items**

	2022	2021
	\$	\$
Adjustments on fixed assets (note 9)	-	1,080
Non-cash items relating to transfer of subsidiaries	-	100,000
Other non-cash items	-	2,495
	-	103,575

**18. Related Party Transactions**

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

- BII Financial Services (Mauritius) Limited ('BIIFS'), a subsidiary of BII, holds a 30% interest in Tsavo, a power generation company based in Kenya. The Company provided directorship services to BIIFS amounting to \$22,500 (2021: \$30,000).
- Malindi Solar Group: the Company provided development funding to this entity amounting to \$1,501,000 (2021: \$1,717,588). The Company did not charge development fees to the entity (2021: \$Nil). These amounts were debited to the intercompany account with Globeleq Holdings (Kenya) Limited, Malindi Solar Group's intermediate holding company.
- Globeleq Geothermal (Kenya) Limited: during the year the Company provided a loan amounting to \$1,160,000 in relation to Menengai acquisition (2021: Nil). The interest rate is 12% with a maturity date of December 2042.
- Globeleq Nominees Limited: following the liquidation of Black Rhino Group Holdings Netherlands B.V., the Company reassigned \$5,746,450 of receivables due from Black Rhino Group Holdings Netherlands B.V to Globeleq Nominees Limited.
- Globeleq Expatriates Services Limited: the Company waived the \$3,197,505 receivable from Globeleq Expatriates Services Limited. This entity is currently under liquidation.

**Notes to the Financial Statements**

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

<b>Balance sheet</b>	<b>2022 Net Receivable/ (Payable) \$</b>	<b>2021 Net Receivable/ (Payable) \$</b>
Globeleq Africa Holdings Limited	82,195,352	74,752,157
Globeleq Expatriate Services Limited	-	3,197,505
BII Financial Services	72,500	90,000
Globeleq Tanzania Services Limited	5,188	2,537
Tsavo Power Company Limited	-	14,839
Songas Limited	(79,819)	(75,506)
Globeleq Somanga Limited	177,229	164,918
Globeleq Tanzania Limited	142,768	142,768
Globeleq Holdings (South Africa) B.V.	-	612,573
Globeleq Holdings (Zambia) Limited	350,615	293,427
Globeleq Holdings (Kenya) Limited	25,255,367	23,248,163
Globeleq Nominees Limited	5,818,351	48,157
Globeleq Holdings (Songas) Limited	(79,306,924)	(65,205,681)
Black Rhino Group Holdings Netherlands B.V.	-	14,887,992
Azito Energie S.A.	(14,724)	62,297
Azito O&M S.A.	214,738	122,517
Globeleq Cameron Management Services S.A.	(101,374)	(23,198)
Globeleq Holdings (Cote D'Ivoire) B.V.	4,291,770	2,717,259
Globeleq Kenya Asset Management Limited	1,815,893	1,537,933
Globeleq South Africa Holdings (PTY) Ltd	-	104,687
Kribi Power Development Company S.A.	759,103	477,608
Globeleq Kenya Limited	(1,263,721)	(735,938)
Globeleq Holdings Cameroon B.V.	44,858	34,251
Globeleq Mozambique Renewables Holdings (PTY) Ltd	549,900	4,156,466
Dibamba Power Development Company S.A.	562,504	381,347
Temane Energy Consortium (Pty)	224,995	26,802,698
Globeleq Aurora Sola One Limited	(81,712)	(44,836)
Globeleq Holdings (Tanzania) Limited	18,427	11,225
Globeleq Investment Limited	18,428	11,225
Cinergy Holding Company B.V	161,716	130,262
ARC Renewable Energy Limited	9,235,648	14,933,626
Central Termica de Temane SA	279,725	3,801,166
Globeleq Energia Moçambique SA	(60,698)	36,366
Globeleq Overseas Services Limited	2,811,401	1,065,693
Globeleq South Africa Management Services	4,965,650	6,888,151
QIPP Investment B.V.	-	65,106
Aboadze Power Company Limited	31,124	23,370
Globeleq Tanzania Energy Limited	11,500	7,660
Globeleq Tanzania Power Limited	11,512	7,647
ARC for Renewable Energy SAE	139,743	-
Globeleq Geothermal (Kenya) Limited	1,487,297	-
Globeleq Zambia Wind Limited	(17,659)	-
Amounts owed to other related party companies	(110)	(1,350)
<b>Total</b>	<b>60,726,561</b>	<b>114,747,087</b>

## **Notes to the Financial Statements**

### **19. Directors' Remuneration**

Directors' remuneration totalled \$1,541,696 for the year (2021: \$2,501,064).

This includes an accrual for \$528,173 in relation to a long-term employee incentive programme which covers the years 2022-2024 and paid in 2025 and 2026 respectively. (2021: \$1,253,087)

The highest paid director was paid \$510,543 in 2022 (2021: \$611,800). In addition, an accrual was made for \$323,002 in relation to a long-term employee incentive programme which covers years 2022-2024 and paid in 2025 and 2026 respectively. (2021: \$760,048).

There were no post-employment benefits in 2022 (2021: \$Nil).

### **20. 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 and Norfund.

### **21. Post Balance Sheet Events**

There were no significant events after the reporting period which might need disclosure or adjustment in the financial statements.