

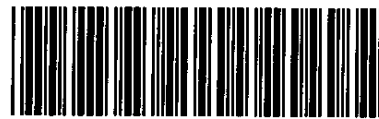
REGISTERED NUMBER: 13356797 (England and Wales)

Low Carbon Limited

Group Strategic Report, Directors' Report and

Audited Consolidated Financial Statements for the Year Ended 31 December 2022

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Low Carbon Limited (Registered number: 13356797)

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for the Year Ended 31 December 2022**

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Low Carbon Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

J M Alfonso
N A Barker
R B Bedlow
B Clarke
A C Dickey
S A Mack
H C R Struthers
E Colligan

REGISTERED OFFICE:

Stirling Square
5-7 Carlton Gardens
London
SW1Y 5AD

REGISTERED NUMBER:

13356797 (England and Wales)

AUDITORS:

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

Low Carbon Limited (Registered number: 13356797)

**Group Strategic Report
for the Year Ended 31 December 2022**

PRINCIPAL ACTIVITIES

The principal activities of the group are developing, investing in, and operating large-scale renewable energy assets in order to make a positive and significant impact on the causes of climate change.

REVIEW OF BUSINESS

Low Carbon is a purpose-driven group that creates large-scale renewable energy in the global fight against climate change. Our mission is to protect the planet for future generations while delivering positive returns for our communities and investors. Our goal is to produce as much new renewable energy as possible while limiting our own environmental impact, investing for the long-term benefit of people and the planet.

Low Carbon invests in and operates large-scale renewable energy projects. Specifically, we target investments in sustainable renewable energy technologies including solar, wind, energy storage and waste to energy and other proven sources.

Low Carbon's vision and mission have remained unchanged since our formation over a decade ago. We strive daily to help shape and secure the health of our planet for future generations. We believe that such an ideal can only be realised through the urgent creation of clean, renewable energy at scale.

This vision aligns with the aspirations and priorities set out in the United Nations Sustainable Development Goals (SDGs) and we are dedicated to ensuring our core operational activities contribute substantially to these principles.

Low Carbon is building a global renewable energy Independent Power Producer (IPP), targeting 20GW of renewable energy capacity and net zero emissions by 2030. With the ambition to transform the global energy sector from fossil fuel based to zero-carbon. Low Carbon is accelerating the deployment of large-scale renewable energy by harnessing the group's expertise and proven track record across the full investment life-cycle.

Low Carbon redefined its business strategy at the end of 2021 following Massachusetts Mutual (MassMutual) investment in Low Carbon Limited and its subsidiaries. Under this new strategy, the Group will retain ownership, construction, and operation of most project developments, as opposed to selling them to third parties.

The Group's Key Performance Indicators (KPIs) revolve around the vital aspects of our mission. We closely monitor renewable energy capacity reaching financial close, which measures the MW capacity of renewable energy projects developed by the Group and taken through to financial close. This indicator signifies our ability to develop high-quality assets capable of progressing into construction and operation. Another crucial KPI is "Funds for Impact," which reflects our ability to raise capital from investors and deploy it into renewable energy projects. This includes Limited Partner Committed fee-bearing Discretionary Funds under management and approved Co-Investments committed by Fund Investors. Additionally, we track our operating cash flow, which is a measure of our ability to generate cash for our operations however as the operational assets are being developed and constructed operating cash flow represents the net burn of the company as we invest in our pipeline, our people and our capabilities.

Our long-term target for creating scale and impact in the renewable energy sector centres around the metric of "Renewable Energy Capacity Created" (RECC). This is defined as the cumulative Gross MWs Low Carbon has facilitated to develop, at the point of reaching COD (Commercial Operation Date). These KPIs are instrumental in our pursuit of building a global renewable energy IPP and achieving 20GW of renewable energy capacity by 2030.

The Group's KPIs for the year were as follows:

		2022	2021
Renewable energy capacity reaching financial close	MW's	482	-
Renewable energy capacity created	GW's	1.13	1.13
Funds for impact	€'000	125,000	-
Other key metrics	£'000	75,631	75,236
Cash at bank	£'000	371,989	-
Available Debt Construction Facilities	#	121	92
Average employees during the year			

As the Company continues to build a leading global renewable energy company, additional metrics aligned to the refined business model of developing, constructing and operating renewable projects will be used to measure group performance.

During the year the Group continued to grow its team and platforms, build capital, improve operational processes and focus on team culture, communication and health & wellbeing.

REVIEW OF BUSINESS (continued)

In 2022, Low Carbon continued to maximise its investment in renewable energy deployment in partnership with MassMutual and management of operational renewable energy assets. Examples of this progress include:

- Financial close on 16 solar sites with a total expected capacity of 445 MW, with several entering into construction during the year.
- Construction began for an expected 30 MW wind farm in Finland.
- In 2022, Low Carbon partnered with Ecolab, a global leader in water, hygiene, and infection prevention solutions - to supply fully clean electricity for its European sites by providing a virtual PPA to our Valtteri Wind Farm in Finland.
- 6.5 GW expected capacity of renewable energy projects under development.
- Low Carbon manages more than 1.3 GW of renewable energy assets across more than 135 locations for both ourselves and our clients. Combined, these assets produced enough clean energy in 2022 to power more than 292,478 homes, avoiding 245,120 tonnes of CO₂e.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors believe that the Company's key exposures to risks and uncertainties are as follows:

Operational risk

The principal risk to the Group's operations are a lack of suitable investment opportunities, availability of construction funding, the ability of the Company to develop renewable energy projects through the entire development cycle and forecast electricity prices. The Group focuses its investment activity in companies involved in sustainable business for which there is an increasingly positive market sentiment and demand. The Directors continually review the pipeline of potential investment opportunities.

Government risk

The regulatory environment is evolving, and changes therein may adversely affect the Company. The Group focuses its investments in the UK and Europe.

Laws and regulations risk

The Group and its investments are subject to laws and regulations enacted by national, regional and local governments and institutions. Certain of the sectors in which the Group's investments operate are subject to legal and regulatory controls, and the investee companies must comply with all applicable laws, regulations and regulatory standards which, inter alia, require them to obtain and maintain certain authorizations, licenses and approvals for their operations.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Group policies are aimed at minimising such losses with the use of 30 day payment terms and regular monitoring of the debtor book.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meet its liabilities when due. The Group ensures it maintains adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's investments are predominantly funded by share capital and medium-term debt funding.

The risk of non-payment of loans to shareholders and third parties is managed through appropriate due diligence at the investment stage and appropriate governance and monitoring of its investments. The Group's portfolio of investments includes a wide range of green energy technologies, geographies and assets at different stages of development and construction.

ON BEHALF OF THE BOARD:



J M Alfonso - Director

Date: 01/09/2023

Low Carbon Limited (Registered number: 13356797)

**Directors' Report
for the Year Ended 31 December 2022**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2022. The consolidated financial statements consist of the parent company, Low Carbon Limited, and its subsidiaries.

PRINCIPAL ACTIVITIES

The principal activity of the Group is investing in renewable energy projects at scale in order to make a positive and significant impact on the causes of climate change, and businesses involved in the mitigation of climate change.

RESULTS

The loss for the year was £33,686,507 (2021: loss of £17,172,112).

DIVIDENDS

No dividends were declared by Low Carbon Limited in the current year (2021: £nil)

FUTURE DEVELOPMENTS

Details of the Groups future developments are provided in the strategic report on page 2.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

J M Alfonso
N A Barker
R B Bedlow
B Clarke
A C Dickey
S A Mack
H C R Struthers

Other changes in directors holding office are as follows:

E Colligan - appointed 15 February 2022

GOING CONCERN

The directors believe that the group is well placed to manage its business risks successfully. The Russia-Ukraine conflict is a humanitarian crisis on a scale not seen in Europe since WWII. As sanctions continue to be imposed against Russia, the economic ramifications of increases to energy prices, fluctuations in foreign exchange rates and interest rate rises are being felt globally. The directors have considered the ongoing risk to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any great certainty. The directors have reviewed the impact of the Russia-Ukraine conflict on the business and do not consider there to be a significant impact on the long-term activities of the group. The directors have also considered the available headroom in its existing debt facilities and as a result, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS INDEMNITY

The directors of the Group are indemnified under a directors and officers liability insurance policy for losses or advancement of defence costs as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers of the Group. The indemnity was in force during the financial year and at the date of approval of these financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

Details of the Groups principal risks and uncertainties are provided in the strategic report on page 3.

DISCLOSURE OF INFORMATION TO THE AUDITORS

So far as each person who was a director at the date of approving the report is aware, there is no relevant audit information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Low Carbon Limited (Registered number: 13356797)

**Directors' Report
for the Year Ended 31 December 2022**

AUDITORS

Ernst & Young LLP were appointed as auditors for the year ended 31 December 2022. In accordance with Section 487 of the Companies Act 2006, Ernst & Young LLP shall be deemed to be reappointed as auditors at the end of the period for appointing auditors.

ON BEHALF OF THE BOARD:



.....
J M Alfonso - Director

Date: 01/09/2023

Low Carbon Limited (Registered number: 13356797)

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2022**

The directors are responsible for preparing the Group Strategic Report, Directors' Report and Audited Consolidated Financial Statements and the financial statements in accordance with applicable law and regulation.

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

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

Directors' Confirmations

In the case of each director in office at the date the directors' report is approved:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOW CARBON LIMITED

Opinion

We have audited the financial statements of Low Carbon Limited (the 'parent company') and its subsidiaries (the 'group') for the for the year ended 31 December 2022, which comprise the Consolidated Statement of Comprehensive, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 32 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 group's and of the parent company's affairs as at 31 December 2022 and of the group's 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 group 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 group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

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 group'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 has 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 group and the parent 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 group and parent company 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 6, 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 group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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.

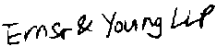
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those related to the reporting framework (FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" in conformity with the requirements of the Companies Act 2006).
- We understood how Low Carbon Limited and its subsidiaries are complying with those frameworks by enquiring of management. We then corroborated these enquiries through the review of internal policies and Board of Directors and Risk Committee minutes.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by obtaining an understanding of the group and parent company's fraud risk assessment and the controls and procedures that are in operation to detect and prevent fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved performing journal entry testing, with a focus on manual journals and those indicating large or unusual journals based on our understanding of the business; and challenging the assumptions and judgements made by management in respect of significant accounting estimates.

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.

DocuSigned by

Ernst & Young LLP

Hee Yu Lee (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
01 September 2023

Low Carbon Limited (Registered number: 13356797)

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
TURNOVER	4	4,661,234	5,681,941
Development expenses		(19,196,749)	(9,825,816)
Administrative expenses		<u>(29,904,712)</u>	<u>(15,224,393)</u>
		(44,440,227)	(19,368,268)
Other operating income	5	<u>5,824,948</u>	<u>1,579,731</u>
GROUP OPERATING LOSS	7	(38,615,279)	(17,788,537)
Share of operating profit in Joint ventures		5,108,576	1,133,671
Interest receivable and similar income	9	910,058	314,186
Interest payable and similar expenses	10	<u>(1,092,214)</u>	<u>(831,671)</u>
LOSS BEFORE TAXATION		(33,688,859)	(17,172,351)
Tax credit	11	<u>2,352</u>	<u>239</u>
LOSS FOR THE FINANCIAL YEAR		(33,686,507)	(17,172,112)
OTHER COMPREHENSIVE INCOME			
Movement in fair value of derivatives		11,537,276	-
Foreign exchange gain/(loss)		<u>(252,673)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>11,284,603</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(22,401,904)</u>	<u>(17,172,112)</u>
Total comprehensive income attributable to:			
Owners of the parent		(31,904,446)	(15,784,847)
Non-controlling interests		<u>9,502,542</u>	<u>(1,387,265)</u>
		<u>(22,401,904)</u>	<u>(17,172,112)</u>

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

Consolidated Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	5,844,078	1,705,591
Tangible assets	14	45,105,894	568,972
Investments	15		
Interest in joint venture		2,032,582	1,852,284
Other investments		<u>5,896,247</u>	<u>2,596,165</u>
		<u>58,878,801</u>	<u>6,723,012</u>
CURRENT ASSETS			
Debtors	17	34,611,583	8,458,580
Financial Instruments			
Amounts due within one year	23	1,186,595	-
Amounts due in more than one year	23	10,350,546	-
Cash at bank	18	<u>75,631,339</u>	<u>75,236,775</u>
		121,780,063	83,695,355
CREDITORS			
Amounts falling due within one year	19	<u>(22,665,462)</u>	<u>(13,542,856)</u>
NET CURRENT ASSETS		<u>99,114,601</u>	<u>70,152,499</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		157,993,402	76,875,511
CREDITORS			
Amounts falling due after more than one year	20	<u>(91,318,644)</u>	<u>(2,273,621)</u>
NET ASSETS		<u>66,674,758</u>	<u>74,601,890</u>
CAPITAL AND RESERVES			
Called up share capital	24	90	33
Share premium		129,799,977	99,999,992
Cash flow hedge reserve	23	11,537,276	-
Other reserves	16	(14,938,631)	229,930
Foreign currency translation reserve		(252,673)	-
Retained earnings		<u>(67,446,186)</u>	<u>(24,257,137)</u>
SHAREHOLDERS' FUNDS		58,699,853	75,972,818
NON-CONTROLLING INTERESTS		<u>7,974,905</u>	<u>(1,370,928)</u>
TOTAL EQUITY		<u>66,674,758</u>	<u>74,601,890</u>

The financial statements on pages 2 to 45 were approved by the Board of Directors and authorised for issue on 01 September 2023 and were signed on its behalf by:

JA

J M Alfonso - Director

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

Company Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	954,912	317,100
Investments	15	<u>14,501,857</u>	<u>473,917</u>
		<u>15,456,769</u>	<u>791,017</u>
CURRENT ASSETS			
Debtors	17	125,940,218	28,474,583
Cash at bank	18	<u>30,590,061</u>	<u>74,635,027</u>
		156,530,279	103,109,610
CREDITORS			
Amounts falling due within one year	19	<u>(60,604,561)</u>	<u>(11,898,826)</u>
NET CURRENT ASSETS		<u>95,925,718</u>	<u>91,210,784</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		111,382,487	92,001,801
CREDITORS			
Amounts falling due after more than one year	20	<u>(1,874,550)</u>	<u>-</u>
NET ASSETS		<u>109,507,937</u>	<u>92,001,801</u>
CAPITAL AND RESERVES			
Called up share capital	24	90	33
Share premium		129,799,977	99,999,992
Capital redemption reserve		229,930	229,930
Retained earnings		<u>(20,522,060)</u>	<u>(8,228,154)</u>
SHAREHOLDERS' FUNDS		<u>109,507,937</u>	<u>92,001,801</u>
Company's loss for the financial year		<u>(12,293,906)</u>	<u>(8,228,154)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 01 September 2023 and were signed on its behalf by:

JA

.....
J M Alfonso - Director

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

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

	Called up share capital £	Retained earnings £	Share premium £	Cash flow hedge reserve £
Balance at 1 January 2021	25	(5,950,687)		
Changes in equity				
Increase in share capital	8	-	99,999,992	-
Dividends	-	(2,521,603)	-	-
Total comprehensive income	-	(15,784,847)	-	-
	33	(24,257,137)	99,999,992	-
Non-controlling interest arising on business combination	-	-	-	-
Balance at 31 December 2021	33	(24,257,137)	99,999,992	-
Changes in equity				
Increase in share capital	57	-	29,799,985	-
Total comprehensive income	-	(43,189,049)	-	11,537,276
Balance at 31 December 2022	90	(67,446,186)	129,799,977	11,537,276

	Capital redemption reserve £	Foreign currency translation reserve £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2021	229,930	-	(5,720,732)	11,421	(5,709,311)
Changes in equity					
Increase in share capital	-	-	100,000,000	-	100,000,000
Dividends	-	-	(2,521,603)	-	(2,521,603)
Total comprehensive income	-	-	(15,784,847)	(1,387,265)	(17,172,112)
	229,930	-	75,972,818	(1,375,844)	74,596,974
Non-controlling interest arising on business combination	-	-	-	4,866	4,866
Balance at 31 December 2021	229,930	-	75,972,818	(1,370,978)	74,601,840
Changes in equity					
Increase in share capital	-	-	29,800,042	-	29,800,042
Dividends	-	-	-	(156,659)	(156,659)
Equity premium raised on business combination (note 16)	(15,168,561)	-	(15,168,561)	-	(15,168,561)
Total comprehensive income	-	(252,673)	(31,904,446)	9,502,542	(22,401,904)
Balance at 31 December 2022	(14,938,631)	(252,673)	58,699,853	7,974,905	66,674,758

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

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

	Called up share capital £	Retained earnings £	Share premium £	Capital redemption reserve £	Total equity £
Changes in equity					
Increase in share capital	33	-	99,999,992	-	100,000,025
Total comprehensive income	-	(8,228,154)	-	229,930	(7,998,224)
Balance at 31 December 2021	<u>33</u>	<u>(8,228,154)</u>	<u>99,999,992</u>	<u>229,930</u>	<u>92,001,801</u>
Changes in equity					
Increase in share capital	57	-	29,799,985	-	29,800,042
Total comprehensive income	-	(12,293,906)	-	-	(12,293,906)
Balance at 31 December 2022	<u>90</u>	<u>(20,522,060)</u>	<u>129,799,977</u>	<u>229,930</u>	<u>109,507,937</u>

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2022**

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	30	(53,674,396)	(14,586,006)
Tax reclaimed		<u>2,352</u>	<u>-</u>
Net cash from operating activities		<u>(53,672,044)</u>	<u>(14,586,006)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(7,941,921)	(1,733,552)
Purchase of property, plant & equipment		(42,740,713)	(417,416)
Purchase of fixed asset investments		(3,093,477)	(1,909,659)
Sale of fixed asset investments		6,656,449	-
Construction deposit		(10,143,448)	-
Cash received on Business Combination		3,058,379	-
Dividends received		<u>4,960,379</u>	<u>-</u>
Net cash from investing activities		<u>(49,244,352)</u>	<u>(4,060,627)</u>
Cash flows from financing activities			
Proceeds from loan from group undertakings		-	8,879,971
Repayments of loan from group		(4,643,590)	(18,452,041)
Proceeds from issue of shares		23,400,042	100,000,000
Proceeds from external borrowings		90,731,008	2,129,744
Repayments of external borrowings		(6,019,841)	-
Equity dividends paid		<u>(156,659)</u>	<u>(273,969)</u>
Net cash from financing activities		<u>103,310,960</u>	<u>92,283,705</u>
Increase in cash and cash equivalents		<u>394,564</u>	<u>73,637,072</u>
Cash and cash equivalents at beginning of year	31	<u>75,236,775</u>	<u>1,599,703</u>
Cash and cash equivalents at end of year	31	<u><u>75,631,339</u></u>	<u><u>75,236,775</u></u>

The notes on pages 16 to 45 form part of these financial statements

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2022**

1. GENERAL INFORMATION

Low Carbon Limited is a private limited company incorporated and domiciled in England and Wales. The address of the company's registered office is Stirling Square, 5-7 Carlton Gardens, London SW1Y 5AD.

The principal activities of the company are focused on developing, investing in, and operating large-scale renewable assets across the globe. The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are presented in the functional currency of the Group, Pound Sterling (£), as this is the currency of the primary economic environment in which the Group operates. The financial statements are rounded to the nearest pound, except where otherwise indicated.

The Company is limited by shares and incorporated in England. The address of the registered office is given in the company information page of these financial statements.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

The directors believe that the group is well placed to manage its business risks successfully. The Russia-Ukraine conflict is a humanitarian crisis on a scale not seen in Europe since WWII. As sanctions continue to be imposed against Russia, the economic ramifications of increases to energy prices, fluctuations in foreign exchange rates and interest rate rises are being felt globally. The directors have considered the ongoing risk to supply chains and revenue streams however it is very difficult to make forward looking statements or predictions with any great certainty. The directors have reviewed the impact of the Russia-Ukraine conflict on the business and do not consider there to be a significant impact on the long-term activities of the group. The directors have also considered the available headroom in its existing debt facilities and as a result, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for 12 months from the date of signing of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Group has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirement of paragraph 33.7.

2. ACCOUNTING POLICIES - continued

Basis of consolidation

The Group financial statements comprise of the financial statements of Low Carbon Limited and its subsidiaries as at 31 December 2022.

Subsidiary undertakings acquired during the period are recorded under the acquisition method of accounting, except where the acquisition is considered to be a business combination under common control, where the predecessor value method has been applied. The results of subsidiaries acquired during the year are consolidated from the date of acquisition, being the date on which the parent company obtains control, and continue to be consolidated until the date such control ceases. The financial statements of the subsidiaries are prepared using consistent accounting policies. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Business combination under common control

In the prior year, on 24th May 2021 a group reorganisation was undertaken to transfer the ordinary shares in the below listed entities previously held by Low Carbon Group Limited to Low Carbon Limited at nominal value:

- Hoolan Energy Limited
- Low Carbon EAAS Limited
- LC Danube Limited
- Low Carbon Netherlands Limited
- Low Carbon W2E2 Limited
- Low Carbon Asset Management Limited
- Low Carbon Ireland Limited
- Low Carbon Storage Ireland Limited
- Low Carbon UK Solar Holdings Limited
- Low Carbon Windco 1 Limited
- Low Carbon Wind Investment Company 1 Limited
- Nur Energie Limited

The transfer was made in exchange for an issue of shares in Low Carbon Limited. The comparatives in the consolidated financial statements have been prepared applying the merger accounting method permissible under FRS 102 s19. Under this method the results and cash flows of the combining entities have been consolidated from the beginning of the prior financial year.

Business combination not under common control

On 14th February 2022, a group reorganisation was undertaken to transfer the ordinary shares in two entities, at nominal value:

- Low Carbon Investment Partners Limited, previously held by Low Carbon Group Limited, and
- Low Carbon Investment Management Limited, previously held by Low Carbon Investment Partners Limited

The transfer of these entities was deemed not to be under common control, as the previously ownership is not deemed to be consistent with the new ownership arrangement. See note 16 for more information.

Turnover

Revenue of the Group represents income from the provision of asset management, investment management and development services. All revenues are generated from third parties. Revenue from asset management and investment management services are measured at the fair value of consideration received or receivable, and includes estimates of amounts contractually due, but not yet invoiced. Revenue from development services is recognised in relation to the underlying contract with the customer. This will generally result in revenue being recognised at the completion of significant development milestones. Any uninvoiced revenue is accrued in the period in which it has been generated. All revenues are stated net of value added tax.

Goodwill

Goodwill consists of;

- The acquisition of a business involved in the development, construction and operation of an onshore wind asset in 2021. Goodwill attributable to this acquisition is being amortised evenly over its estimated useful life of 31 years.
- The purchase of businesses from the joint controlling party in 2022. Goodwill attributable to these acquisitions are being amortised evenly over its estimated useful life of 10 years.

2. **ACCOUNTING POLICIES - continued**

Intangible assets

During the period the group has acquired subsidiaries which did not satisfy the definition of a business under FRS 102 s19. As a result the acquisition has been accounted for as an asset acquisition.

The tangible fixed assets acquired have been recognised at their fair value with the balance of the acquisition cost being recognised as an intangible asset.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and provision for impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets recognized through asset acquisitions are 30-41 years, aligning to the useful economic life of the associated tangible fixed asset.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Tangible fixed assets are depreciated to their estimated residual values on a straight-line basis, over their expected useful lives as follows:

Fixtures and fittings	- 15% per annum
Other assets	- 33% per annum

The depreciation methods, estimated remaining useful lives and residual values are reviewed at each reporting date, taking account of technological innovations and asset management programmes. A change resulting from the review is treated as a change in accounting estimate. The depreciation expense is recognised in the statement of comprehensive income.

Depreciation commences when the asset is available for use.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

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

2. ACCOUNTING POLICIES - continued

Foreign currencies

Transactions in foreign currencies are translated to the functional currency at exchange rates prevailing at the date of the transaction. Monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rates when the fair value was determined.

The results of group undertakings are translated into functional currency at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates prevailing at the balance sheet date. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income' and allocated to non-controlling interest as appropriate.

Investment in subsidiaries

Subsidiary undertakings are all entities over which the parent company has the power to govern the financial and operating policies so as to obtain benefit from their activities.

The investment in subsidiaries held by the parent company are valued at cost less any provision for impairment that is considered to have occurred, the resultant loss being recognised in the statement of comprehensive income.

Investments in joint ventures and associates

Investments in joint ventures and associates are accounted for using the equity method

Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments, choosing to apply the recognition and measurement provisions of IFRS 9 Financial Instruments and IAS 39, the disclosure requirements of Sections 11 and 12 and the presentation requirements of paragraphs 11.38A and 12.25B.

i. Financial Assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future cash flows discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when:

- (a) the contractual rights to the cash flows from the asset expire or are settled; or
- (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

2. ACCOUNTING POLICIES - continued

Financial instruments (continued)

ii. Financial Liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future cash flows discounted at a market rate of interest.

Debt instruments (other than those wholly repayable or receivable within one year) are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement. Fair value is calculated as the present value of estimated future cash flows.

iii. Hedging arrangements

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

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

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

iv. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash-settled share-based payments

The cost of cash-settled transactions are measured at fair value using an appropriate option pricing model. Fair value is established initially at the grant date and at each balance sheet date thereafter until the awards are settled. Changes in the carrying amount for the liability are recognised in the income statement for the period.

2. **ACCOUNTING POLICIES - continued**

Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand.

Equity

Equity comprises the following;

- Share capital represents the nominal value of ordinary equity shares.
- Retained earnings include all current results as disclosed in the consolidated statement of comprehensive income.
- Cash flow hedge reserve includes the accumulated fair value movement on cash hedges eligible for the application of hedge accounting

Dividend Income

Dividend income is recognised when the Group's right to receive payment is established.

Interest payable

Interest payable on bank loans is charged to the statement of comprehensive income using the effective interest method.

Interest payable on loans from group undertakings are charged to the statement of comprehensive income on an accruals basis.

Interest receivable

Interest receivable on loans is recognised in the statement of comprehensive income using the effective interest method.

Operating Leases

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

3. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various 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 that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The most critical accounting policies and estimates in determining the financial condition and results of the group are those requiring a greater degree of subjective or complete judgement. These relate to:

- **Deferred taxes**

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

- **Valuation of investments**

In respect of the recoverability of investments and inter-company receivables, consideration of economic and market factors are incorporated into the assessment of each investment's future growth plans and prospects.

In assessing impairment, judgements is required to establish whether there have been any indicators of impairment either internal or external. Once the need for a review of the carrying value of an investment has been determined, valuation requires estimation techniques and is therefore subject to estimates and judgements.

- **Valuation of derivatives**

Derivative financial instruments are used to manage the groups exposure to interest rate fluctuations on its debt facilities. Derivatives are measured at fair value, calculated by an independent third party at the end of each reporting period. The calculation of fair value utilises yield curves and discount rates are based on estimates.

- **Goodwill**

The Group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed and any legal, regulatory or contractual provisions that can limit useful life. Management review goodwill for evidence of impairment on an annual basis.

- **Share based payments**

Fair values used in calculating the amount to be expensed as a share-based payment is subject to a level of uncertainty. The Group is required to calculate the fair value of the cash-settled instruments granted to employees in terms of the share option schemes. These fair values are calculated by applying a valuation model, which is in itself judgmental, and takes into account certain inherently uncertain assumptions.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

4. **TURNOVER**

Revenue recognised in the statement of comprehensive income is analysed as follows:

	2022 £	2021 £
Asset management services	3,262,888	3,449,766
Development services	1,207,991	2,082,000
Investment management services	181,250	150,175
Other income	9,105	-
	<u>4,661,234</u>	<u>5,681,941</u>

All revenue is stated net of trade discounts, VAT and other similar taxes.

As noted in the Strategic Report the Group will retain ownership of most project developments, as opposed to selling them to third parties resulting in the decrease in Development Services revenue from 2021 to 2022 above.

Geographical area:

	United Kingdom		Europe		Total	
	2022 £	2021 £	2022 £	2021 £	2022 £	2021 £
Asset management services	3,044,322	3,266,884	218,566	182,882	3,262,888	3,449,766
Development services	-	832,000	1,207,991	1,250,000	1,207,991	2,082,000
Investment management services	181,250	150,175	-	-	181,250	150,175
Other income	9,105	-	-	-	9,105	-
	<u>3,234,677</u>	<u>4,249,059</u>	<u>1,426,557</u>	<u>1,432,882</u>	<u>4,661,234</u>	<u>5,681,941</u>

5. **OTHER OPERATING INCOME**

	2022 £	2021 £
Gain on sale of investments	<u>5,824,948</u>	<u>1,579,731</u>

Included within the current year gain on sale of investments is £5,308,990 relating to the partial sale of two previously owned subsidiaries within the Group.

6. **EMPLOYEES AND DIRECTORS**

	2022 £	2021 £
Wages and salaries	15,411,250	5,106,033
Social security costs	1,905,575	567,891
Other pension costs	824,749	253,092
	<u>18,141,574</u>	<u>5,927,016</u>

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

6. EMPLOYEES AND DIRECTORS (continued)

The average monthly number of employees during the year was made up as follows:

	2022 no.	2021 no.
Administrative, development and & office based asset management	112	87
Road based operations & maintenance and asset management	9	5
	<u>121</u>	<u>92</u>

Directors remuneration

The aggregate remuneration in respect of directors qualifying services was £2,490,022 (2021: £672,852).
The highest amount paid to a director during the year was £576,539 (2021: £272,926).

Prior year comparatives

The figures for 2021 Employee and Directors' compensation do not represent a full year due to a group restructure in which personnel were transferred from Low Carbon Group Limited to Low Carbon Limited. The disclosed amounts in 2021 only cover the period from the transfer date to the year-end.

7. OPERATING LOSS

The group loss before income tax is stated after charging:

	2022 £	2021 £
Professional fees	2,948,476	1,078,578
Capital raise advisory and professional costs	-	6,128,147
Development expenses	19,196,749	9,824,905
Share based payment charge	1,874,550	-
Rent, rates and service charges	2,479,868	225,336
Auditors remunerations (note 8)	571,326	238,985
Amortisation of borrowing costs	312	-
Depreciation	186,567	36,218
Amortisation of goodwill	62,029	27,961
Amortisation of intangibles	27,992	-
Foreign exchange (gains)/losses	<u>(1,857,162)</u>	<u>89,856</u>

Development expenses related to early stage costs incurred by subsidiaries (note 16).

Incorporated within the Professional fees above are expenses totalling £1,107,817 associated with operational assets and fund management activities. Notably, these activities were did not form part of the Group in the year 2021 and chiefly contribute to the significant increase in professional fees for the current year.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

8. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the Company's auditors for the audit of the Company's financial statements	262,200	79,600
Auditors' remuneration for non audit work	<u>309,126</u>	<u>159,385</u>

9. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Interest income	258,925	9,873
Other interest received	<u>651,133</u>	<u>304,313</u>
	<u>910,058</u>	<u>314,186</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Bank loan interest	476,493	143,877
Loan from group undertakings	615,409	687,794
Amortisation of facility fees	<u>312</u>	<u>-</u>
	<u>1,092,214</u>	<u>831,671</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

11. TAXATION

(a) Income tax on (loss)/profit

Income tax charged in the consolidated statement of profit or loss:

	2022 £	2021 £
Current tax:		
UK Corporation tax on the (loss)/profit for the year	(2,352)	(239)
Deferred tax:		
Origination and reversal of temporary differences	-	-
Adjustment in respect of previous periods	-	-
Effect of changes in tax rates	-	-
	<u>(2,352)</u>	<u>(239)</u>

(b) Reconciliation of the total income tax charge

The income tax expense in the consolidated statement of profit or loss for the year differs from the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are reconciled below:

	2022 £	2021 £
(Loss)/profit before income tax	<u>(33,688,859)</u>	<u>(17,172,351)</u>
At standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(6,400,438)	(3,164,053)
Effects of:		
Tax effect of non-deductible or non-taxable items	16,822,541	1,979,200
Income not taxable	(16,061,040)	(851,782)
Movement in unprovided deferred tax	3,783,686	2,036,635
Effects of group relief/other relief	98,031	-
Tax Rate Changes	31,714	-
Share options	1,725,506	-
R&D tax credit	<u>2,352</u>	<u>-</u>
Tax on (loss)/profit	<u>2,352</u>	<u>-</u>

(c) Factors that may affect future tax charges

The Finance Act 2021, which received Royal Assent on 10 June 2021, increased the corporation tax rate from 19% to 25% from 1 April 2023. Where deferred tax assets and liabilities are expected to unwind after 1 April 2023, they have been revalued to reflect the rate change.

Unrecognised deferred tax:

	2022 £	2021 £
Fixed assets	(53,535)	(11,297)
Losses	(13,636,136)	(5,265,323)
Timing differences	<u>(597,412)</u>	<u>-</u>
	<u>(14,287,083)</u>	<u>(5,276,620)</u>

12. **INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME**

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

13. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £	Other intangibles £	Totals £
COST			
At 1 January 2022	1,733,552	-	1,733,552
Additions	<u>314,998</u>	<u>3,913,510</u>	<u>4,228,508</u>
At 31 December 2022	<u>2,048,550</u>	<u>3,913,510</u>	<u>5,962,060</u>
AMORTISATION			
At 1 January 2022	27,961	-	27,961
Amortisation for year	<u>62,029</u>	<u>27,992</u>	<u>90,021</u>
At 31 December 2022	<u>89,990</u>	<u>27,992</u>	<u>117,982</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,958,560</u>	<u>3,885,518</u>	<u>5,844,078</u>
At 31 December 2021	<u>1,705,591</u>	<u>-</u>	<u>1,705,591</u>

Goodwill

Goodwill has arisen as a result of the following transactions:

- the acquisition of 100% of the share capital of Morknasskogens Wind Ab during the prior year.

Other intangibles

During the year the group acquired subsidiaries from related parties which did not meet the definition of a business under FRS 102 s19. As a result the acquisitions have been accounted for as an asset acquisition.

The subsidiary acquisitions relate to solar projects. The initial cost of the assets acquired were recognised at their relative fair values. These are amortised over the expected useful life of the underlying solar projects.

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

14. TANGIBLE FIXED ASSETS

Group	Land & Buildings £	Solar PV assets £	Fixtures & fittings £	Other assets £	Totals £
COST					
At 1 January 2022	5,000	210,321	11,261	400,099	626,681
Additions	-	43,871,515	603,295	253,679	44,728,489
Disposals	(5,000)	-	-	-	(5,000)
At 31 December 2022	-	44,081,836	614,556	653,778	45,350,170
DEPRECIATION					
At 1 January 2022	-	-	1,883	55,826	57,709
Charge for year	-	-	20,417	166,150	186,567
At 31 December 2022	-	-	22,300	221,976	244,276
NET BOOK VALUE					
At 31 December 2022	-	44,081,836	592,256	431,802	45,105,894
At 31 December 2021	5,000	210,321	9,378	344,273	568,972

The amount of the borrowing costs capitalised during the year ended 31 December 2022 was £1,593,279 (2021: £nil)

Company

	Land & Buildings £	Fixtures & fittings £	Other assets £	Totals £
COST				
At 1 January 2022	5,000	-	328,163	333,163
Additions	-	597,210	205,075	802,285
Disposals	(5,000)	-	-	(5,000)
At 31 December 2022	-	597,210	533,238	1,130,448
DEPRECIATION				
At 1 January 2022	-	-	16,063	16,063
Charge for year	-	18,309	141,164	159,473
At 31 December 2022	-	18,309	157,227	175,536
NET BOOK VALUE				
At 31 December 2022	-	578,901	376,011	954,912
At 31 December 2021	5,000	-	312,100	317,100

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. FIXED ASSET INVESTMENTS

Group

	Investments and associated undertakings	Interest in joint ventures		Total £
	Ordinary shares £	Ordinary shares £	Preference shares/loans £	
Cost:				
At 1 January 2022	2,596,165	684,163	1,168,121	4,448,449
Additions	616,970	745,147	1,148,217	2,510,334
Redemption of shares	-	-	(2,316,338)	(2,316,338)
Impairment	(575,186)	-	-	(575,186)
Share of profit	3,258,298	1,850,278	-	5,108,576
Share of capital gain	-	3,713,373	-	3,713,373
Dividends received	-	(4,960,379)	-	(4,960,379)
At 31 December 2022	<u>5,896,247</u>	<u>2,032,582</u>	<u>-</u>	<u>7,928,829</u>

Company

	Associated undertakings £	Subsidiary undertakings £	Total £
Cost:			
At 1 January 2022	472,950	967	473,917
Additions	<u>13,343</u>	<u>14,014,597</u>	<u>14,027,940</u>
At 31 December 2022	<u>486,293</u>	<u>14,015,564</u>	<u>14,501,857</u>

Investment in associates & subsidiary undertakings:

Details of the investments in which the parent company held 20% or more of the nominal value of any class of share capital as at 31 December 2022 are as follows (* held by a subsidiary undertaking):

Name of company	Holding	Proportion of shares held
Balliemeanoch Wind Farm Limited*	Ordinary shares	80%
Chalton Manor Solar Farm Limited*	Ordinary shares	80%
Cornwell Solar Farm Limited*	Ordinary shares	100%
Costa Head Wind Farm Limited*	Ordinary shares	80%
Crouch Solar Farm Limited*	Ordinary shares	100%
Drover Lane Solar Farm Limited*	Ordinary shares	80%
Fox Covert Solar Farm Limited*	Ordinary shares	100%
Esse Vind Ab*	Ordinary shares	33%
Gairy Hill Wind Farm Limited*	Ordinary shares	80%
Grid System Services Limited*	Ordinary shares	60%
Grid System Services Limited*	Preference shares	80%
Harlesford Solar Farm Limited*	Ordinary shares	100%
Hesta Head Wind Farm Limited*	Ordinary shares	80%
Hoolan Energy Limited	Ordinary shares	100%
Inkersall Solar Farm Limited*	Ordinary shares	100%
Jura Wind Limited*	Ordinary shares	50%
Feldon Vale Solar Farm Limited* (formerly Knightcote Road Solar Farm Limited)	Ordinary shares	80%
Laver Solar Farm Limited*	Ordinary shares	100%
LC Development Finland Oy*	Ordinary shares	100%
LC Energy BV*	Ordinary shares	40%
LC Energy BV*	Preference shares	80%

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. FIXED ASSET INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
LC Energi Ab*	Ordinary shares	50%
LC Danube Limited	A Ordinary shares	100%
LC Danube Limited	B Ordinary shares	30%
LCIP Finland Wind Oy*	Ordinary Shares	100%
LCW2E2 Development Limited*	Ordinary shares	80%
Low Carbon Asset Management Limited	Ordinary shares	100%
Low Carbon UK Solar Holdings Limited	Ordinary shares	100%
Low Carbon EAAS Limited	A Ordinary shares	100%
Low Carbon EAAS Limited	B Ordinary shares	0%
Low Carbon Finland Wind Limited	Ordinary shares	100%
Low Carbon Ireland Limited	A Ordinary shares	100%
Low Carbon Ireland Limited	B Ordinary shares	0%
Low Carbon Netherlands Limited	A Ordinary shares	100%
Low Carbon Netherlands Limited	B Ordinary shares	0%
Low Carbon OpCo Limited	Ordinary shares	100%
Low Carbon Poland Solar Limited	Ordinary shares	100%
Low Carbon Solar Investment Company 5 Limited*	Ordinary shares	80%
Low Carbon Solar Park 1 Limited*	Ordinary shares	80%
Maldon Wycke Solar Farm Limited* (formerly Low Carbon Solar Park 2 Limited)	Ordinary shares	100%
B17 Solar Farm Limited* (formerly Low Carbon Solar Park 3 Limited)	Ordinary shares	80%
Low Carbon Solar Park 4 Limited*	Ordinary shares	80%
Sandon Brook Solar Farm Limited* (formerly Low Carbon Solar Park 5 Limited)	Ordinary shares	80%
Low Carbon Solar Park 6 Limited*	Ordinary shares	80%
Fern Brook Solar Farm Limited* (formerly Low Carbon Solar Park 7 Limited)	Ordinary shares	80%
Low Carbon Solar Park 8 Limited*	Ordinary shares	80%
Links Solar Farm Limited* (formerly Low Carbon Solar Park 9 Limited)	Ordinary shares	100%
Meadow Solar Farm Limited* (formerly Low Carbon Solar Park 10 Limited)	Ordinary shares	80%
Low Carbon Solar Park 11 Limited*	Ordinary shares	80%
Low Carbon Solar Park 12 Limited*	Ordinary shares	80%
Low Carbon Solar Park 13 Limited*	Ordinary shares	80%
Low Carbon Solar Park 14 Limited*	Ordinary shares	80%
Jafa Solar Farm Limited* (formerly Low Carbon Solar Park 15 Limited)	Ordinary shares	80%
Pepperhill Solar Farm Limited* (formerly Low Carbon Solar Park 16 Limited)	Ordinary shares	80%
Low Carbon Solar Park 17 Limited*	Ordinary shares	80%
Low Carbon Solar Park 18 Limited*	Ordinary shares	80%
Beacon Fen Energy Park Limited* (formerly Low Carbon Solar Park 19 Limited)	Ordinary shares	80%
Low Carbon Solar Park 20 Limited*	Ordinary shares	80%
Low Carbon Solar Park 21 Limited*	Ordinary shares	80%
Low Carbon Solar Park 22 Limited*	Ordinary shares	80%
Low Carbon Storage Ireland Limited	A Ordinary shares	100%
Low Carbon Storage Ireland Limited	B Ordinary shares	0%
Low Carbon Sweden Solar Limited	Ordinary shares	100%
Low Carbon UK Solar Investment Company Limited*	A Ordinary shares	100%
Low Carbon UK Solar Investment Company Limited*	B Ordinary shares	0%
Low Carbon UK Wind Development Company Limited*	Ordinary shares	100%
Low Carbon W2E2 Limited	A Ordinary shares	100%
Low Carbon W2E2 Limited	B Ordinary shares	0%
Low Carbon Windco 1 Limited	Ordinary shares	100%

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements – continued
for the Year Ended 31 December 2022**

15. FIXED ASSET INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
Nur Energie Limited	Ordinary shares	1.27%
Nur Energie Limited	Ordinary B preference shares	53.45%
Nur Energie Limited	Ordinary A preference shares	0%
Parc Solar Traffwll Limited*	Ordinary shares	80%
Redcar Holdings Limited*	Ordinary shares	52%
St Clere's Solar Farm Limited*	Ordinary shares	100%
Gate Burton Energy Park Limited*	Ordinary shares	80%
Zonnepark Woudbloem B.V.*	Ordinary shares	40%
Zonnepark Veenweg Ter Apel B.V.*	Ordinary shares	50%
Zonnepark Veenweg Ter Apel 2 B.V.*	Ordinary shares	40%
Zonnepark Nergena B.V.*	Ordinary shares	40%
Zonnepark Keppelsweg B.V.*	Ordinary shares	40%
Zonnepark Havebos B.V.*	Ordinary shares	100%
Zonnepark Werkhoven*	Ordinary shares	100%
Zonnepark Agger B.V.*	Ordinary shares	40%
Zonnepark Wijerbroek Oost B.V.*	Ordinary shares	100%
Zonnepark Wijerbroek West B.V.*	Ordinary shares	100%
Zonnepark Bergweg Mariahoop B.V.*	Ordinary shares	100%
Zonnepark Wusterveld B.V.*	Ordinary shares	40%
Zonnepark De Stegenhoek B.V.*	Ordinary shares	100%
LC Danube B.V.* (formerly LC Nadia B.V)	Ordinary shares	80%
Danube Wind Holding.1 B.V.* (formerly LC Nadia Holdings 1.BV)*	Ordinary shares	80%
Danube Wind Holding 2 B.V.* (formerly LC Nadia Holdings 2 BV)	Ordinary shares	80%
Nero Adamdel Renewables SA*	Ordinary shares	75%
Nero Renewables Romania SA*	Ordinary shares	75%
Kilmannock Battery Storage Limited*	Ordinary shares	29%
Porterstown Battery Storage Limited*	Ordinary shares	29%
Mullavilly Energy Limited*	Ordinary shares	49%
Drumkee Energy Limited*	Ordinary shares	49%
BH Energy Gap (Doncaster) Limited*	Ordinary B shares	100%
BH Energy Gap (Doncaster) Limited*	Ordinary A1 shares	100%
BH Energy Gap (Doncaster) Limited*	Ordinary A2 shares	0%
Broad Energy (Wales) Limited*	Ordinary A shares	0%
Broad Energy (Wales) Limited*	Ordinary B shares	100%
Low Carbon US Holdings Limited	Ordinary A shares	100%
Low Carbon Energy Inc*	Ordinary shares	100%
LC Energi Bjorklund AB*	Ordinary shares	50%
LC Energi Falhult AB*	Ordinary shares	50%
LC Energi Arboga Koborg AB*	Ordinary shares	50%
LC Energi Skuru AB*	Ordinary shares	50%
Low Carbon Germany Limited	Ordinary A shares	100%
Low Carbon GmbH*	Ordinary shares	100%
LC Energia Sp.z.o.o.*	Ordinary shares	75%
LC Energia 1 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 2 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 3 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 4 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 5 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 6 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 7 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 8 Sp.z.o.o.*	Ordinary shares	75%
LC Energia 10 Sp.z.o.o.*	Ordinary shares	75%
Low Carbon Wind Investment Company 1 Limited	A Ordinary shares	100%
Low Carbon Wind Investment Company 1 Limited	B Ordinary shares	0%
Medway Energy Recovery Limited*	Ordinary shares	80%

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

15. FIXED ASSET INVESTMENTS (continued)

Name of company	Holding	Proportion of shares held
Cutlers Solar Farm Limited*	Ordinary A shares	80%
Wildwood Solar Farm Limited*	Ordinary A shares	80%
Low Carbon Solar Park 23 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 24 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 25 Limited*	Ordinary A shares	80%
Primrose Solar Farm Limited* (formerly Low Carbon Solar Park 26 Limited)	Ordinary A shares	80%
Low Carbon Solar Park 27 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 28 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 29 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 30 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 31 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 32 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 33 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 34 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 35 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 36 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 37 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 38 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 39 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 40 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 41 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 42 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 43 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 44 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 45 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 46 Limited*	Ordinary A shares	80%
Low Carbon Solar Park 47 Limited*	Ordinary A shares	80%
Zonnepark Amerongerwetering BV*	Ordinary shares	40%
Low Carbon Canada Bioenergy Limited*	Ordinary A shares	100%
Low Carbon Eco2 Energy Limited*	Ordinary A shares	50%
Low Carbon Eco2 Energy Saskatoon Limited*	Ordinary shares	25%
LCIP Finland Wind Limited*	Ordinary A shares	100%
Low Carbon Solar OpCo Limited*	Ordinary A shares	100%
Low Carbon Solar Operations Holdings Limited*	Ordinary A shares	100%
Low Carbon Solar Operations Limited*	Ordinary A shares	100%
Low Carbon Dutch Solar Operations BV*	Ordinary shares	100%
Low Carbon UK Solar Operations Limited*	Ordinary A shares	100%
Low Carbon Investment Management Limited	Ordinary A shares	100%
Low Carbon Investment Partners Limited	Ordinary A shares	100%
Low Carbon General Partner Limited*	Ordinary A shares	100%
Low Carbon Renewables Fund GP Sarl*	Ordinary shares	100%
LC Danube Sarl*	Ordinary shares	80%
Danube Wind Holding 1 Sarl*	Ordinary shares	39%
Danube Wind Holding 2 Sarl*	Ordinary shares	39%
First Look Solutions SA*	Ordinary shares	29%
Morknasskogens Wind Ab*	Ordinary shares	100%

Each company is incorporated in the United Kingdom, with the exception of the following:

Company	Country of incorporation
Grid System Services Limited	Republic of Ireland
Kilmannock Battery Storage Limited	Republic of Ireland
Porterstown Battery Storage Limited	Republic of Ireland
LC Energy B.V	Netherlands
Zonnepark Woudbloem B.V	Netherlands

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements – continued
for the Year Ended 31 December 2022**

15. FIXED ASSET INVESTMENTS (continued)

Company	Country of incorporation
Zonnepark Veenweg Ter Apel B.V	Netherlands
Zonnepark Veenweg Ter Apel 2 B.V	Netherlands
Zonnepark Nergena B.V	Netherlands
Zonnepark Keppelsweg B.V	Netherlands
Zonnepark Havebos B.V	Netherlands
Zonnepark Werkhoven B.V	Netherlands
Zonnepark Agger B.V	Netherlands
Zonnepark Wijerbroek Oost B.V	Netherlands
Zonnepark Wijerbroek West B.V	Netherlands
Zonnepark Bergweg Mariahoop B.V	Netherlands
Zonnepark Wusterveld B.V	Netherlands
Zonnepark De Stegenhoek B.V	Netherlands
LC Danube B.V (formerly LC Nadia B.V)	Netherlands
Danube Wind Holdings 1 B.V (formerly LC Nadia Holdings 1 B.V)	Netherlands
Danube Wind Holdings 2 B.V (formerly LC Nadia Holdings 2 B.V)	Netherlands
Nero Adamdel Renewables SA	Romania
Nero Renewables Romania SA	Romania
LCIP Finland Wind Oy	Finland
LC Development Finland Oy	Finland
Morknasskogens Wind Ab	Finland
Esse Vind Ab	Finland
LC Energi Ab	Sweden
Low Carbon Energy Inc	United States of America
LC Energi Bjorklund AB	Sweden
LC Energi Falhult AB	Sweden
LC Energi Arboga Koborg AB	Sweden
LC Energi Skuru AB	Sweden
Low Carbon GmbH	Germany
LC Energia Sp.z.o.o	Poland
LC Energia 1 Sp.z.o.o	Poland
LC Energia 2 Sp.z.o.o	Poland
LC Energia 3 Sp.z.o.o	Poland
LC Energia 4 Sp.z.o.o	Poland
LC Energia 5 Sp.z.o.o	Poland
LC Energia 6 Sp.z.o.o	Poland
LC Energia 7 Sp.z.o.o	Poland
LC Energia 8 Sp.z.o.o	Poland
LC Energia 10 Sp.z.o.o	Poland
Zonnepark Amerongerwetering BV	Netherlands
Low Carbon Eco2 Energy Saskatoon Limited	Canada
Low Carbon Dutch Solar Operations BV	Netherlands
Low Carbon Renewables Fund GP Sarl	Luxembourg
LC Danube Sarl	Luxembourg
Danube Wind Holding 1 Sarl	Luxembourg
Danube Wind Holding 2 Sarl	Luxembourg
First Look Solutions SA	Romania

The registered office for each company, is Stirling Square, 5-7 Carlton Gardens, London, SW1Y 5AD, with the exception of the following:

Company	Registered office
Grid System Services Limited	Glen Erin, Caulstown, Dunboyne, Co. Meath, D13RR77
Kilmannock Battery Storage Limited	38/39 Fitzwilliam Square West, Dublin 2
Porterstown Battery Storage Limited	38/39 Fitzwilliam Square West, Dublin 2
Mullavilly Energy Limited	The Scapel, 18th Floor 52 Lime Street, London, EC3M 7AF
Drumkee Energy Limited	The Scapel, 18th Floor 52 Lime Street, London, EC3M 7AF

Low Carbon Limited (Registered number: 13356797)

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. FIXED ASSET INVESTMENTS (continued)

Company	Registered office
LC Energy B.V	Broland 12, 6708 WH Wageningen
Zonnepark Woudbloem B.V	Broland 12, 6708 WH Wageningen
Zonnepark Veenweg Ter Apel B.V	Broland 12, 6708 WH Wageningen
Zonnepark Veenweg Ter Apel 2 B.V	Broland 12, 6708 WH Wageningen
Zonnepark Nergena B.V	Broland 12, 6708 WH Wageningen
Zonnepark Keppelsweg B.V	Broland 12, 6708 WH Wageningen
Zonnepark Havebos B.V	Broland 12, 6708 WH Wageningen
Zonnepark Werkhoven B.V	Broland 12, 6708 WH Wageningen
Zonnepark Agger B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wijerbroek Oost B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wijerbroek West B.V	Broland 12, 6708 WH Wageningen
Zonnepark Bergweg Mariahoop B.V	Broland 12, 6708 WH Wageningen
Zonnepark Wusterveld B.V	Broland 12, 6708 WH Wageningen
Zonnepark De Stegenhoek B.V	Broland 12, 6708 WH Wageningen
LC Danube B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Danube Wind Holding 1 B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Danube Wind Holding 2 B.V	Amstelveenseweg 760, Amsterdam, 1081 JK
Nero Adamdel Renewables SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania
Nero Renewables Romania SA	Street Siriului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania
BH Energy Gap (Doncaster) Limited	6 Queen Street, Leeds, West Yorkshire, LS1 2TW
Broad Energy (Wales) Limited	Buttington Quarry, Buttington, Welshpool, Powys, SY21 8SZ
Costa Head Wind Farm Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Hesta Head Wind Farm Limited	Hoolan Energy Limited, 16 Young Street, Edinburgh, EH2 4JB
Nur Energie Limited	95 Aldwych, London, WC2B 4JF
LCIP Finland Wind Oy	Erottajankatu 15-17, 00130, Helsinki, Finland
LC Development Oy	Erottajankatu 15-17, 00130, Helsinki, Finland
Morknasskogens Wind Ab	Brukskatan 144, 66810 Kimo, Finland
Esse Vind Ab	Radhusgatem 21 B11, VAASA, 65100, Finland
LC Energi Ab	Bohusgaten 15, 411 39 Gothenburg, Sweden
Low Carbon Energy Inc.	8 The Green Ste. B, Dover, Kent County, Delaware 19901
LC Energi Bjorklund AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Falhult AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Arboga Koberg AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
LC Energi Skuru AB	Bohusgaten 15, 411 39 Gothenburg, Sweden
Low Carbon GmbH	Knesebeckstr. 32 10623 Berlin
LC Energia Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 1 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 2 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 3 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 4 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 5 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 6 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 7 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 8 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów
LC Energia 10 Sp.z.o.o	Al. Armii Krajowej 7, 35-307 Rzeszów

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

15. FIXED ASSET INVESTMENTS (continued)

Company	Registered office
Zonnepark Amerongerwetering BV	Amstelveenseweg 760, Amsterdam, 1081 JK
Low Carbon Eco2 Energy Saskatoon Limited	1500 - 1874 Scarth Street, Regina, Saskatchewan Canada S4P 4E9
Low Carbon Dutch Solar Operations BV	Amstelveenseweg 760, Amsterdam, 1081 JK
Low Carbon Renewables Fund GP Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
LC Danube Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Danube Wind Holding 1 Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
Danube Wind Holding 2 Sarl	15, Boulevard F.W. Raiffeisen, L-2411 Luxembourg, Grand Duchy of Luxembourg
First Look Solutions SA	Street Sirului 33A, AP.3, Floor, Room C1, Module C1.2, Bucharest, Romania

For the year ended 31 December 2022 the above subsidiaries incorporated in the United Kingdom (greater than 50%) were entitled to, and applied the exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

16. BUSINESS COMBINATIONS

On 14th February 2022 Low Carbon Limited acquired 100% of the ordinary share capital of Low Carbon Investment Partners Limited ("LCIP") and Low Carbon Investment Management Limited. These acquisitions are considered to be a business combination under FRS 102 s19.

Low Carbon Investment Partners Limited was acquired through a share for share exchange with the issuance of 1,000,000 ordinary £0.0001 shares in Low Carbon Limited with a fair value of £6,400,000. At the acquisition date the amounts recognised in respect of Low Carbon Investment Partners Limited net liabilities are as follows:

	£
Investments	10,981
Other debtors	156,001
Cash	2,386,496
Intercompany loans balance	(11,273,534)
Net liabilities	(8,720,056)
Consideration	(6,400,000)
Equity reserve	(15,120,056)

Low Carbon Investment Management Limited was acquired for consideration of £786,496. At the acquisition date the amounts recognised in respect of Low Carbon Investment Management Limited net assets are as follows:

	£
Prepayments and other debtors	47,185
Intercompany loans receivable	977,380
Cash	671,883
Accruals and trade payables	(958,515)
Net assets	737,933
Consideration	(786,496)
Equity reserve	(48,563)

In compliance with FRS 102, the Company has thoroughly evaluated any contingent considerations and non-controlling interests that may have arisen as a result of the business combination. No such items have been identified. The business combination aligns with the Company's strategic growth initiatives and bolsters its presence within the sustainable energy sector. The acquisition underscores the Company's dedication to diversifying its operations in both development projects and providing fund management services. The fair value relates to the acquisition of additional interest in underlying assets held by LCIP. These assets were already controlled by the Group before the LCIP acquisition and therefore excess consideration has been classified as equity reserve as opposed to goodwill.

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

17. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade receivables	1,255,832	865,638	98,435	379,077
Amounts owed by group undertakings	-	-	121,759,227	27,229,015
Other debtors	16,851,091	2,763,840	3,214,951	670,547
Short term loans receivable	10,222,738	3,876,195	-	-
VAT	5,676,394	528,309	479,507	23,948
Accrued income	128,750	195,915	121,250	-
Prepayments	476,778	228,683	266,648	171,996
	<u>34,611,583</u>	<u>8,458,580</u>	<u>125,940,218</u>	<u>28,474,583</u>

Amounts owed by group undertakings are unsecured, attract interest at a rate of 5% per annum and are repayable on demand.

Included within Other debtors due in less than one year is a balance of £10,143,448 that relates to a solar panel reservation agreement. As part of the agreement, underlying solar project company subsidiaries will receive delivery of solar panels.

18. CASH AT BANK

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank Deposit Account	-	15,000,000	-	15,000,000
Bank Current Account	75,631,339	60,236,775	30,590,061	59,635,027
	<u>75,631,339</u>	<u>75,236,775</u>	<u>30,590,061</u>	<u>74,635,027</u>

Bank deposit account relates to cash held with banking institutions with a maturity date of greater than 95 days from the reporting date.

Included in Bank Current Account is £660,000 (2021: £nil) of cash restricted to comply with FCA capital adequacy requirements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade payables	2,968,984	6,161,303	438,632	5,902,917
Amounts owed to group undertakings	10,034,668	3,956,541	54,281,121	4,070,624
Payroll taxes	566,992	337,767	559,120	335,721
Other creditors	532,885	314,364	106	105
Accrued expenses	8,561,933	2,772,881	5,325,582	1,589,459
	<u>22,665,462</u>	<u>13,542,856</u>	<u>60,604,561</u>	<u>11,898,826</u>

Amounts due to group undertakings are unsecured, attract interest at a rate of 5% per annum and are repayable on demand.

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Bank loans (see note 21)	89,444,094	2,273,621	-	-
Other creditors	1,874,550	-	1,874,550	-
	<u>91,318,644</u>	<u>2,273,621</u>	<u>1,874,550</u>	<u>-</u>

Other creditors falling due in more than one year relate entirely to employee share options granted during the year. See note 29 for further details.

21. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2022	2021
	£	£
Amounts falling due between one and two years:		
Senior bank loans	<u>23,720,975</u>	<u>2,273,621</u>
Amounts falling due between two and five years:		
Bank loans 2-5 years	<u>926,582</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans	<u>64,796,537</u>	<u>-</u>

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**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

21. LOANS - continued

Amounts owed to group undertakings are unsecured, attract interest at 5% per annum and are repayable on demand.

Included in current bank loans is a loan of £18,325,000 and a loan of €4,733,695. These loans were repaid in February 2023.

Included in bank loans repayable between 2 and 5 years is a loan of £925,568. The loan is due for repayment on 9th August 2025 and is secured against the assets of solar projects, all of which are subsidiaries of the Low Carbon Operations Limited. Loans repayable between 2 and 5 years have been adjusted for transaction costs totalling £3,725,348.

Included within the bank loans repayable in more than 5 years is a loan of £67,839,664. The loan is due for repayment in 2032 and is secured against the assets of solar projects, all of which are subsidiaries of Low Carbon OpCo Limited.

The effective interest rate for all loan arrangements was between 5% and 8.87%.

22. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Obligations under operating leases

As at 31 December the future minimum rentals payable under non-cancellable operating leases are as follows:

	2022 £	Group 2021 £	2022 £	Company 2021 £
Land and buildings				
Not later than one year	542,594	86,728	-	36,178
After one year but not more than five years	8,767,678	-	7,118,155	-
After five years	18,283,494	-	7,927,036	-
	<u>27,593,766</u>	<u>86,728</u>	<u>15,045,191</u>	<u>36,178</u>

23. FINANCIAL INSTRUMENTS

The Group has entered into three interest rate swap contracts on 31 December 2022:

An interest rate swap for GBP bank debt facilities to receive interest at a variable rate with floating references to SONIA Compounding with a 5 day lookback and pay interest at a fixed rate of 2.488%, which matures on 30th June 2027.

An interest rate swap for GBP bank debt facilities to receive interest at a variable rate with floating references to SONIA Compounding with a 5 day lookback and pay interest at a fixed rate of 2.537%, which matures on 30th June 2037.

An interest rate swap for Euro bank debt facilities to receive interest at a variable rate with floating references to 3 month EURIBOR and pay interest at a fixed rate of 2.021%, which matures on 31st December 2038.

The instrument is used to hedge the group's exposure to interest rate movements on the senior loan facility and the Arch facility, utilised for the construction of renewable energy assets.

The fair value of the interest rate swaps at 31 December 2022 was £11,537,276 and has been recognised in other comprehensive income.

The group has the following derivative financial instruments:

	2022 £
Financial assets at fair value:	
- Other debtors < 1 year	1,186,595
- Other debtors > 1 year	<u>10,350,546</u>
	<u>11,537,141</u>

24. CALLED UP SHARE CAPITAL

	No.	2022 £	No.	2021 £
Allotted, called up and fully paid				
Ordinary shares £0.00001 each	9,000,000	<u>90</u>	3,332,000	<u>33</u>

On 14 February 2022 the company has issued 2,341,000 ordinary £0.0001 shares at par.

On 14 February 2022 the company also issued 447,000 ordinary £0.0001 shares at a premium of £52.349 per share.

On 4 March 2022 the company has issued 2,880,000 Ordinary £0.00001 shares at par.

25. ULTIMATE PARENT COMPANY

At 31 December 2022 the company is under the joint control of Low Carbon Group Limited, a Limited Company incorporated in England and Wales, and MassMutual Holding LLC a Delaware Limited Liability Corporation. There is no ultimate beneficial owner.

The smallest and largest group in which the Company is consolidated and which publishes consolidated financial statements is Low Carbon Limited, whose financial statements can be obtained from Stirling Square, 5-7 Carlton Gardens, London SW1Y 5AD.

26. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

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Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

27. RELATED PARTY DISCLOSURES

Group

During the current year the following related party transactions have been undertaken:

	2022 £	2021 £
Dividends paid to minority shareholders of subsidiaries within the Low Carbon Limited Group	156,659	464,603
Dividends paid to the joint controlling party by subsidiaries within the Low Carbon Limited Group	-	2,057,000
Consultancy fees and expenses charged to the group by companies controlled by directors of Low Carbon Limited	524,980	67,598
Revenue charged to other subsidiaries of the parent of the joint controlling party	1,210,180	1,281,658
Management fees charged to the joint controlling party	60,000	10,000
Share Capital and Premium investment received from Massmutual Holding LLC (Note 24)	23,400,000	100,000,000

During the current year the following transactions have been undertaken with the joint controlling parties and its subsidiaries:

	2022 £	2021 £
Loan receipts	96,469,997	27,535,392
Loans repayments	(4,842,609)	(34,859,827)
Loan Interest charged and included in income statement	903,852	687,677
Loan Interest charged and included in fixed assets	1,592,281	-

At the period end the following balances remain outstanding:

	2022 £	2021 £
Amounts owed to group undertakings (Note 19)	10,034,669	3,956,541
Loans (Note 21)	88,045,394	-

During the current year the following transactions have been undertaken with joint ventures, associates and entities over which the Low Carbon Limited group has significant influence:

	2022 £	2021 £
Loan advances	9,725,318	2,622,992
Loans provided for	(2,198,651)	-
Loan Interest charged	401,205	92,941

At the period end the following balances remain outstanding:

	2022 £	2021 £
Short term loans receivable (Note 17)	10,222,738	2,289,866

27. RELATED PARTY DISCLOSURES (continued)

Company

	2022	2021
	£	£
Management fees charged to the joint controlling party	60,000	10,000
Consultancy fees and expenses charged to the group by companies controlled by directors of Low Carbon Limited	524,980	67,598
Share Capital and Premium investment received from Massmutual Holding LLC (Note 24)	23,400,000	100,000,000

During the current year the following transactions have been undertaken with the joint controlling party:

	2022	2021
	£	£
Loan receipts	10,305,311	22,629,239
Loans repayments	4,842,609	(19,091,142)
Loan Interest charged	615,403	418,444

At the period end the following balances remain outstanding:

	2022	2021
	£	£
Amounts owed to group undertakings (Note 19)	10,034,647	3,956,541

During the current year the following transactions have been undertaken with subsidiaries not entitled to the disclosure exemption:

	2022	2021
	£	£
Loan advances	169,610,391	27,025,083
Loans repayments	(121,622,202)	(227,996)
Provisions	-	(250,559)
Loan Interest charged	2,409,934	568,510

At the period end the following balances remain outstanding:

	2022	2021
	£	£
Amounts owed by group undertakings (Note 17)	121,759,227	27,229,015
Amounts owed to group undertakings (Note 19)	44,246,474	113,978

28. POST BALANCE SHEET EVENTS

In February 2023 LCIP Finland Wind Limited sold its investment in a wholly owned subsidiary, LCIP Finland Wind Oy, and its wholly owned subsidiary Morknasskogens Wind Ab.

Low Carbon Limited (Registered number: 13356797)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

29. SHARE-BASED PAYMENT TRANSACTIONS

On 15 November 2021 Low Carbon adopted a share option plan to grant options to employees in exchange for their employment services. Share options were granted on 1 January 2022.

The options will vest in three tranches on the third, fourth and fifth anniversary of the date of grant and will be exercisable on a liquidity event if the employee remains in service. The liquidity event is expected to happen 9 years from the grant date.

The exercise price of the option is £0.00001 per share. The Company has the option to settle the share options in either equity or cash. Management have expressed the intention for the shares to be settled in cash and as a result the share options have been accounted for as a liability on the grant date. The share option liability was subsequently measured at fair value on a straight-line basis over the period of 9 years from the grant date.

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2022 is £1,874,550 (2021: £nil).

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2022 No.	2022 WAEP
Granted during year	574,334	£0.0001
Outstanding at 31 December	574,334	£0.0001

30. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022 £	2021 £
Loss before taxation	(33,688,859)	(17,172,351)
Depreciation and amortisation	276,294	64,179
Impairment	572,623	-
Share of profit / loss on associate	(5,108,576)	(1,133,670)
Gain on investment disposal	(4,519,091)	-
Fair value of share options	1,874,550	-
Foreign exchange reserve movement	(252,673)	-
Finance costs	1,092,214	831,671
Finance income	(910,058)	(314,186)
	(40,663,576)	(17,724,357)
Increase in trade and other debtors	(15,096,784)	(3,302,990)
Increase in trade and other creditors	2,085,964	6,441,341
Cash generated from operations	(53,674,396)	(14,586,006)

31. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31/12/22 £	1/1/22 £
Cash and cash equivalents	<u>75,631,339</u>	<u>75,236,775</u>

Year ended 31 December 2021

	31/12/21 £	1/1/21 £
Cash and cash equivalents	<u>75,236,775</u>	<u>1,599,703</u>

32. SUMMARY OF DIFFERENCES BETWEEN FRS 102 AND US GAAP

The accompanying consolidated financial statements have been prepared in accordance with FRS 102, which differs in certain significant respects from accounting principles generally accepted in the United States of America ('US GAAP').

Effect on profit for the financial year as a result of significant differences between FRS 102 and US GAAP

	2022 £	2021 £
Loss for the year in accordance with FRS 102	(33,686,507)	(17,172,112)
US GAAP adjustments:		
Variable interest entity ("VIE") (i)	(6,594,465)	(2,454,096)
Share based payments (ii)	1,874,550	-
Interest rate swaps (iii)	11,537,275	-
Amortisation of goodwill and intangibles (iv)	27,992	-
Gain on sale of Danube (v)	26,062,875	-
Capitalisation of borrowing costs (vi)	(1,152,010)	-
Loss for the year under US GAAP	(1,930,290)	(19,626,208)

Effect on Shareholders' equity as a result of significant differences between FRS 102 and US GAAP

	2022 £	2021 £
Total equity under FRS 102	66,674,758	74,601,890
US GAAP adjustments:		
VIE (i)	(15,319,401)	(3,779,866)
Share based payments (ii)	1,874,550	-
Amortisation of goodwill and intangibles (iv)	(676,064)	-
Gain on sale of Danube (v)	26,062,875	-
Capitalisation of borrowing costs (vi)	(1,152,010)	-
Equity under US GAAP	77,464,708	70,822,024

Significant differences between FRS 102 and U.S. GAAP

(i) Investments - VIE

Accounting Standards Codification (ASC) 810 requires a company to consolidate an entity based on the controlling financial interest through the voting interest model or variable interest model. Under the variable interest model, the Company assessed its existing investments where it was involved in the design, redesign, or creation of the entity and acquired additional interests through contractual relationships and was exposed to the expected losses. The Company concluded that:

- The Company has a variable interest in the following entities: LC Energy BV, BH Energy Gap (Doncaster) Limited, Broad Energy (Wales) Limited, Esse Vind Ab, Jura Wind Limited, LC Energi Ab, Low Carbon Poland Solar Limited.
- These entities are considered VIEs.
- The Company is the primary beneficiary in each of the VIEs.

Accordingly, the Company consolidated these entities and derecognised the existing related equity method investments, investments recognised at cost, and loans related to these VIEs.

32. SUMMARY OF DIFFERENCES BETWEEN FRS 102 AND US GAAP (continued)

(ii) Share Based Payments

Low Carbon limited issued share options in 2022. These options are subject to vesting and performance conditions, ie; the participants cannot exercise their vested options until the occurrence of a liquidity event. Under US GAAP, a liquidity event cannot be regarded as probable until it occurs. As a result, the recognition of compensation costs is deferred until the liquidity event occurs. Hence, no compensation cost was recognised under US GAAP in the current year, and any amount recognised under FRS 102 has been reversed.

(iii) Interest rate swaps

For US GAAP purposes, the Company has elected not to apply hedge accounting to its interest rate swaps. Since the Company is following hedge accounting for its interest rate swaps under FRS 102, the change in fair value recognised in equity as an effective hedge has been reclassified to the income statement under US GAAP.

(iv) Amortisation of goodwill and intangibles

Under US GAAP, the acquisition of several entities from LC Energy BV (a VIE under US GAAP) is an intercompany transaction, which has been eliminated upon consolidation. The intangibles and related amortisation resulting from this transaction recognised under FRS 102 have been reversed for US GAAP purposes.

(v) Gain on sale of Danube

During the year, Low Carbon sold 51% of its equity interest in Danube Wind Holding 1 S. Å R.L. and Danube Wind Holding 2 S. Å R.L. ASC 810 requires an entity to recognise the gain on sale on loss of control and remeasurement of the remaining equity interest at fair value. Under US GAAP, the Company recognised a gain of £31.7 million on the sale of its 51% interest and remeasurement of its remaining 49% interest in the Danube entities. UK GAAP does not require remeasurement at fair value, hence the value of the remaining investment under US GAAP was adjusted to reflect the remeasurement.

(vi) Capitalisation of borrowing costs

As per ASC 835, an entity should capitalise interest by applying a "capitalisation rate" to their qualifying expenditure whereas under FRS 102, all interest related to specific loans can be capitalised. Hence, the amount that should be capitalised under US GAAP is lower. The amount that cannot be capitalised under US GAAP was adjusted to the income statement.