GGE UK 2 LIMITED

REGISTRATION NUMBER: 09566127

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

GENERAL INFORMATION

DIRECTORS	N G Macke W N A Elkhouly (appointed on 30 June 2022) S Johnson
REGISTERED NUMBER	09566127
REGISTERED OFFICE	First Floor 85 Great Portland Street London W1W 7LT United Kingdom
INDEPENDENT AUDITORS	PRICEWATERHOUSECOOPERS LLP 7 More London Riverside London SE1 2RT United Kingdom
ADMINISTRATOR	APEX GROUP FIDUCIARY SERVICES (UK) LIMITED 125 London Wall London EC2Y 5AS United Kingdom

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and financial statements of GGE UK 2 Limited (the "Company") for the year ended 31 December 2022 (the "year").

Directors

The Directors who served for the year ended 31 December 2022 and as at the date of approving this report are:

W N A Elkhouly (appointed on 30 June 2022)
S Johnson
N G Macke
M A Fernandes (resigned on 30 June 2022)

Dividends

No dividends were paid during the year (2021: EUR nil). The Directors do not recommend the payment of a final dividend (2021: EUR nil).

Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to adversely affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements. As at 31 December 2022, Infracapital Partners II LP and Infracapital Partners (NT) II LP, the beneficial owners of the Company had sufficient resources available after considering any commitments made for future investment activities to support the investment activities of the Company.

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

Qualifying third party indemnities

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were accordingly in force during the course of the financial year ended 31 December 2022 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, power or office.

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102").

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements (continued)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to Auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

Independent Auditors

PricewaterhouseCoopers LLP has been appointed during the year.

The report was approved by the board on 9 June 2023 and signed on its behalf.

W N A Elkhouly
Director

9 June 2023

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Principal activity

The Company was incorporated on 28 April 2015 and has an investment in 100% of the equity of GGE A.S., an entity that owns a Slovakian energy company.

The principal activity of the Company is to act as an investment company.

Business review and results

The profit for the year was EUR 8,132,000 (2021: EUR 11,959,000) and the net assets at 31 December 2022 were EUR 8,114,000 (2021: net liabilities of EUR 18,000). The Company had no recognised gains or losses other than those disclosed on page 12. Details of the results for the year are set out in the Statement of Comprehensive Income on page 12.

The Company has loan notes in issue which are listed on The International Stock Exchange. The holder of these loan notes is GGE SLP LP.

Risks and uncertainties

The risks and uncertainties faced by the Company are those inherent within the financial services industry, but are primarily:

- Liquidity risk – The Company's investment is illiquid and long-term. Such investments may be illiquid because, among other reasons, there is no established market for the particular type of asset, there is a scarcity of disposal options and/or potential acquirers, or there are legal, tax, regulatory or contractual restrictions associated with the disposal of the investment;
- Operational risk – losses could result from inadequate or failed internal and external processes, systems and human error or from external events over which the management has no control;
- Market risk – exposure to fluctuations in revenue resulting from the impact of volatile equity, bond, property prices and investment performance;
- Credit risk – investments are reliant on counterparties fulfilling their obligations; and
- Regulatory risk – subject to the effects of changes in law, regulation, policy and interpretation and any accounting standards in the markets in which it operates.

The risks and uncertainties faced by the M&G Group are outlined in the strategic report prepared by M&G Plc, the Company's ultimate parent company. Consolidated financial statements can be obtained from the address in note 18.

The report was approved by the board on 9 June 2023 and signed on its behalf.

W N A Elkhouly
Director

9 June 2023

Report on the audit of the financial statements

Opinion

In our opinion, GGE UK 2 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and audited financial statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2022; the Statement of Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Our audit approach

Context

GGE UK 2 Limited is an investment holding company and has debt and equity investments in GGE A.S., an entity that owns a Slovakian energy distribution company. The company has listed debt on The International Stock Exchange.

Overview

Audit scope

- As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Key audit matters

- Carrying value of investments

Materiality

- Overall materiality: €782,000 based on 1% of total assets.
- Performance materiality: €586,500.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GGE UK 2 LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments The carrying value of investments, which includes both Investment in subsidiary of €9,999,000 (held at cost less impairment) and Other investments of €58,238,000 (held at amortised cost), has been identified as a key audit matter given the valuation supporting management's impairment assessment is inherently subjective, and includes assumptions, such as those around the terminal value, discount rate and projected cash flows, which are complex in nature. A small error in these valuations assumptions could potentially lead to a material error in the impairment/impairment reversals.	We understood and evaluated the valuation methodologies applied in determining the fair value assessment of the underlying investments which support the carrying value, with reference to industry practice, guidelines and applicable accounting standards. Our testing included: • Assessing the judgements and assumptions within the fair value estimate that supports the impairment assessment. This included benchmarking data used in the models to third party or industry data, where applicable, and engaging our internal experts in valuation to review the key assumptions • Reperforming the impairment assessment for mathematical accuracy • Reperforming management's amortised cost adjustments, and agreeing key terms, such as interest rates and capitalisation terms, to relevant agreements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

In relation to the audit of the company's financial statements we focus our audit procedures on the material financial statement line items.

The impact of climate risk on our audit

As part of our audit we made enquiries with management to understand the extent of the potential impact of climate change on the entity's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the entity's financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall company materiality	€782,000.
How we determined it	1% of total assets
Rationale for benchmark applied	Investments is the primary measure used by the stakeholders in assessing the performance of an intermediate holding company. The entity is asset-based, therefore total assets is an appropriate benchmark to be considered.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €586,500 for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above 39,100 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Given GGE UK 2 Limited has net current liabilities, we have obtained and reviewed management's going concern assessment which included the undrawn commitments of the beneficial owners Infracapital Partners NT II LP and Infracapital Partners II LP, as well as a letter signed by the manager of Infracapital Partners NT II LP and Infracapital Partners II LP confirming their intent to support the company for a period of at least 12 months from the financial statements signing date. The combined undrawn commitments from both entities sufficiently cover the operating expenditure of the entity over this period. We have also obtained a letter from the manager of the holder of the entities loan notes payable, being a related group entity, confirming their intent not to call on payment for a period of at least 12 months from the financial statements signing date.

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' Report

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GGE UK 2 LIMITED FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of financial data or intentional bias in estimation with respect to the valuation of investments. Audit procedures performed by the engagement team included:

- Reviewing relevant meeting minutes of those charged with governance;
- Identifying and testing journal entries, in particular any journal entries that had unusual characteristics, where any such journal entries were identified;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Making enquiries of management, including consideration of any known or suspected instances of noncompliance with laws and regulations or fraud;
- Reviewing the recoverable amount used in management's impairment assessment, which includes the fair value estimates of the underlying investments, including reviewing management information, board reports and external market data to validate the fund manager's inputs into the calculation of the value of investments and challenging assumptions made, where appropriate; and
- Reconciling the concluded recoverable amount used in management's impairment assessment to the fair value estimate of the underlying investments, and reperforming the impairment assessment for mathematical accuracy.

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

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report. In our engagement letter, we also agreed to describe our audit approach, including communicating key audit matters.

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

R Hawkins.

Robert Hawkins (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
9 June 2023

GGE UK 2 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 EUR 000	Restated[1] 2021 EUR 000
Investment income	3	**3,909**	3,827
Administrative expenses	4	**(78)**	(251)
Operating profit		**3,831**	3,576
Reversal of provision for impairment of fixed asset investment	8,9,10,15	**9,279**	12,641
Interest payable	5	**(4,324)**	(4,052)
Loss on foreign exchange		**(654)**	(206)
Profit on ordinary activities before tax		**8,132**	11,959
Tax on ordinary activities	7	**-**	-
Profit for the year after tax		**8,132**	11,959
Total comprehensive income		**8,132**	11,959

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

There is no other comprehensive income for the years ended 31 December 2022 and 31 December 2021 in addition to that included in the Statement of Comprehensive Income. All results and comparatives shown in the Statement of Comprehensive Income are from continuing operations.

GGE UK 2 LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 EUR 000	Restated[1] 2021 EUR 000
Non-current assets			
Investment in subsidiary	8	**9,999**	720
Current assets			
Other investments	9	**58,238**	56,797
Debtors – amounts falling due within one year	10	**9,958**	8,210
Cash at bank		**5**	5
		68,201	65,012
Current liabilities			
Creditors – amounts falling due within one year	11	**(70,086)**	(65,750)
Net current liabilities		**(1,885)**	(738)
Net assets/(liabilities)		**8,114**	(18)
Capital and reserves			
Called up share capital	12	**49,737**	49,737
Share premium	12	**64,671**	64,671
Profit and loss account	13	**(106,294)**	(114,426)
Total equity		**8,114**	(18)

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

The financial statements on pages 12 to 23 have been approved by the Board of Directors and signed on its behalf by:

W N A Elkhouly
Director

N G Macke
Director

9 June 2023

The notes on pages 16 to 23 form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital EUR 000	Share premium EUR 000	Profit and loss account EUR 000	Total equity EUR 000
Balance at 1 January 2021	49,737	64,671	(126,385)	(11,977)
Profit for the year	-	-	11,959	11,959
Balance at 31 December 2021	**49,737**	**64,671**	**(114,426)**	**(18)**

	Called up share capital EUR 000	**Share premium EUR 000**	**Profit and loss account EUR 000**	**Total equity EUR 000**
Balance at 1 January 2022	49,737	64,671	(114,426)	(18)
Profit for the year	-	-	8,132	8,132
Balance at 31 December 2022	**49,737**	**64,671**	**(106,294)**	**8,114**

The notes on pages 16 to 23 form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 EUR 000	Restated[1] 2021 EUR 000
Operating activities			
Operating profit		**3,831**	3,576
Adjustments for:			
Increase in creditors relating to operating cash flows		**94**	394
Increase in debtors relating to operating cash flows		**(1,748)**	(1,911)
Unrealised loss on foreign exchange		**(90)**	(104)
Interest payable		**(4,324)**	(4,052)
Net cash outflow from operating activities		**(2,237)**	(2,097)
Investing activities			
Capitalised interest on Other investments		**(2,005)**	(1,878)
Net cash outflow from investing activities		**(2,005)**	(1,878)
Financing activities			
Capitalised interest on Amounts owed to group undertakings		**4,242**	3,975
Net cash inflow from financing activities		**4,242**	3,975
Movement in cash in the year		**-**	-
Cash at the beginning of the year		**5**	5
Cash at the end of year		**5**	5

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

1. Accounting policies

GGE UK 2 Limited (the "Company") is a company incorporated and registered in England and Wales. These financial statements are prepared for the year ended 31 December 2022 (the "year").

Basis of preparation

The Company's financial statements have been prepared under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles including FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements.

These financial statements present information about the Company as an individual undertaking and not about its group. The Company's ultimate parent, M&G Plc, includes the Company in its consolidated financial statements. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the UK and are publicly available. Accordingly, the Company may adopt FRS 102 and take advantage of reduced disclosure exemptions.

The Company has taken advantage of the exemption available under section 33.1A of FRS102 to not disclose transactions with its parent or with members of the same group that are wholly owned.

The principal accounting policies adopted have been set out below and have been applied consistently to all periods presented in these financial statements:

a) Change in accounting policies

In the opinion of the Directors, there are no mandatory new accounting policies applicable in the current year that are relevant and/or material to the Company. Consequently, no such mandatory new accounting policies are listed. The Company has not early adopted any new accounting policies that are mandatory.

b) Investment income

Investment income comprises of interest income from debt securities and is accounted for on an effective interest rate basis. Interest impairment movements are recognised in accordance with the policy in note 1(f).

c) Interest payable

Interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

d) Tax

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

1. Accounting policies (continued)

d) Tax (continued)

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

The calculation of the total tax charge inherently involves a degree of estimation and judgment. The positions taken in tax returns, where applicable tax regulation is subject to interpretation, are recognised in full in the determination of the tax charge in the financial statements if the Company considers that it is probable that the taxation authority will accept those positions. Otherwise, the Company considers an uncertain tax position to exist and a provision is recognised to reflect that a taxation authority, upon review of the positions, could alter the tax returns. From recognition, the provision is measured based on management's judgment and estimate of the likely amount of the liability or recovery. This is achieved by providing for the single best estimate of the most likely outcome or the weighted average expected value where there are multiple possible outcomes, taking into account external advice where appropriate. Each uncertain tax treatment is considered separately or together as a group, depending on management's judgment as to which approach better predicts the resolution of the uncertainty. It is assumed that tax authorities will examine the uncertain tax treatments and they have full knowledge of all related information. The judgments and estimates made to recognise and measure the effect of uncertain tax positions are reassessed whenever circumstances change or when there is new information that affects those judgments.

e) Investment in subsidiary

The Company's investment in its subsidiary is held at cost less impairment losses. At the end of each reporting year, the Directors review the carrying amount of the investment in subsidiary to determine whether there is any indication that the asset has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised immediately in the Statement of Comprehensive Income.

In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f) Basic financial instruments

The entity is applying section 11 of FRS 102 in respect of recognition and measurement of basic financial instruments.

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

1. Accounting policies (continued)

f) Basic financial instruments (continued)

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing financial instruments classified as basic financial instruments

Interest-bearing financial instruments are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing financial instruments are stated at amortised cost using the effective interest method, less any impairment losses. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

g) Cash at bank

Cash at bank comprise cash balances, including short term money market deposits.

h) Called up share capital

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

i) Functional and presentational currency

The Company's functional currency is considered to be the Euro ("EUR"). The Directors have chosen the Euro as the Company's presentational currency. The Euro is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions that affect the Company. All amounts within these financial statements are rounded to the nearest thousand.

j) Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operation for at least 12 months from the date of approval of the financial statements. In support of this expectation, the Directors are unaware of any significant factors likely to adversely affect the Company in the foreseeable future and for at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt a going concem basis in preparing the annual report and financial statements. As at 31 December 2022, Infracapital Partners II LP and Infracapital Partners (NT) II LP, the beneficial owners of the Company had sufficient resources available after considering any commitments made for future investment activities to support the investment activities of the Company.

The Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore, have prepared the financial statements on a going concern basis.

2. Use of judgments and estimates

In preparing these financial statements, the Directors have made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. The judgment the Directors apply is whether there should be any impairment booked as part of their review.

2. Use of judgments and estimates (continued)

Impairment

At the end of the reporting years, the Directors have compared the carrying value of the investment in subsidiary, other investment and accrued investment income to their recoverable amounts to determine if any impairment is required. In determining this recoverable amount, a discounted cash flow model has been used where estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. The allocation of any impairment loss is determined based on the timing of when the assets are expected not to generate any future cash inflows in the following order: investment in subsidiary, interest income, accrued investment income and lastly to other investments.

An impairment loss is reversed during the period in which the reversal is identified, to the extent that the asset is not increased to a carrying amount higher than it would have been had no impairment loss been recognised for the asset in prior years. Any reversal of impairment, or part thereof, is allocated based on when the cash inflows are expected from the assets in the following order: other investments, accrued investment income, interest income previously derecognised and lastly to investment in subsidiary.

3. Investment income

	2022 EUR 000	Restated[1] 2021 EUR 000
Interest income	**3,909**	3,827

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

The Directors review the recoverability of the investment income annually and provisions are made where, in the opinion of the Directors, the underlying business will be unable to meet these obligations out of operating cash flow.

4. Administrative expenses

	2022 EUR 000	2021 EUR 000
Auditors' remuneration		
- GGE UK 2 Limited	**19**	10
- Related entities	**9**	4
Professional fees	**50**	237
	78	251

5. Interest payable

	2022 EUR 000	2021 EUR 000
Interest payable on loans to group undertakings	**4,324**	4,052

6. Employees

The Company has no employees other than Directors, who did not receive any remuneration in respect of their services to the Company (2021: none).

7. Tax on ordinary activities

a) Analysis of charge in the year:

	2022 EUR 000	2021 EUR 000
Current tax:		
Current tax on profit for the year	-	-
Total current tax credit	-	-

b) Factors affecting tax charge for the year:

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

	2022 EUR 000	2021 EUR 000
Profit on ordinary activities before tax	8,132	11,959
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	1,545	2,272
Effects of:		
Expenses not deductible	-	31
Income not taxable	(1,763)	(2,402)
Transfer pricing adjustments	106	69
Deferred tax not recognised	112	30
Total tax charge for the year	-	-

c) Factors affecting the tax charge:

An increase in the standard rate of Corporation Tax in the UK from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24th May 2021. This will increase any future tax charge for the company accordingly.

8. Investment in subsidiary

	2022 EUR 000	Restated[1] 2021 EUR 000
Net book value		
At beginning of year	720	-
Additions	-	-
Reversal of impairment	9,279	720
At end of year	9,999	720

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

The Company holds 100% of the entire issued ordinary share capital of GGE A.S., a company incorporated in Slovakia. GGE A.S.'s principal activity is to act as an investment company.

In 2018, an impairment was booked against the investment in subsidiary to bring the carrying value to EUR nil.

The Company has investments in the equity and loan notes in GGE A.S..

The registered office of GGE A.S. is as follows: GGE A.S., Bajkalská 19B, 821 01 Bratislava.

The Directors reassessed the recoverable amount in accordance with note 1(e) and reversed previously recognised impairment amount of EUR 9,279,000 (2021 Restated: EUR 720,000).

9. Other investments

	2022 EUR 000	2021 EUR 000
Loan notes from group undertakings	**58,238**	56,797

The loan note investments are made up of EUR 31,666,000 (2021: EUR 29,661,000) unsecured loan notes repayable on demand issued with an interest rate of 6.65% and EUR 26,572,000 (2021: EUR 27,136,000) unsecured loan notes repayable on demand issued with an interest rate of 7%.

The loan notes are issued by GGE a.s.. A reversal of impairment of the investment in subsidiary relating to loan notes of EUR nil (2021: EUR 5,696,000) and a reversal of capitalised interest previously derecognised of EUR nil (2021: EUR 1,648,000) was recognised in the year.

10. Debtors - amounts falling due within one year

	2022 EUR 000	Restated[1] 2021 EUR 000
Accrued investment income	**9,958**	8,210

[1] The comparative figures have been restated, refer to note 15 for detail of the restatement.

A reversal of impairment of EUR nil (2021: EUR 4,576,000) was recognised in the year. This reversal is as a result of more certainty in the recoverability of the accrued investment income receivable.

11. Creditors - amounts falling due within one year

	2022 EUR 000	2021 EUR 000
Amounts owed to group undertakings	**68,732**	64,458
Accrued interest payable to group undertakings	**1,305**	1,223
Accrued expenses	**49**	69
	70,086	65,750

The Directors have received information from GGE SLP LP that they will not demand repayment of the loan notes for at least twelve months from the date of these financial statements.

12. Called up share capital

	2022 EUR 000	2021 EUR 000
Share capital	**49,737**	49,737
Share premium	**64,671**	64,671
	114,408	114,408

As at 31 December 2022, 49,737,470 ordinary shares were in issue with a nominal value of €1 each (2021: 49,737,470 ordinary shares were in issue with a nominal value of €1 each).

13. Profit and loss account

	2022 EUR 000	2021 EUR 000
As at beginning of year	**(114,426)**	(126,385)
Profit for the year	**8,132**	11,959
As at end of year	**(106,294)**	(114,426)

14. Financial instruments

Financial assets

The Company holds loan notes in its subsidiary. Loan notes are held at amortised cost less impairment. The loan notes held are made up of EUR 31,666,000 (2021: EUR 29,661,000) unsecured, repayable on demand loan notes issued with an interest rate of 6.65% and EUR 26,572,000 (2021: EUR 27,136,000) unsecured, repayable on demand loan notes issued with an interest rate of 7%. An impairment of EUR nil (2021: EUR 7,344,000) previously recognised on the loan notes has been reversed in 2022 to reflect the fair value of these loan notes.

Financial liabilities

The Company has issued loan notes which are held at amortised cost. The loan notes are issued to GGE SLP LP, a limited partnership registered in Scotland, and have a carrying value of EUR 68,830,000 (2021 Restated: EUR 64,507,000) inclusive of accrued interest. The carrying value of these notes is a reasonable approximation of their fair value.

15. Restatement - Reversal of provision for impairment of fixed asset investments

Management has performed a detailed impairment assessment on the investment in subsidiary, other investments and accrued investment income. An error has been identified in the prior year financial statements, whereby the impairment of the equity investment in subsidiary GGE A.S. had been partially reversed before fully reversing the impairment of GGE A.S. loan notes accrued investment income. Consequently, the 2021 comparatives have been restated to remove the impact of the impairment reversal misallocation. Further, the amount relating to the accrued interest income that was impaired in prior years should have been recognised as a reversal of provision for impairment of fixed asset investment rather than investment income. The 2021 comparatives have thus been restated to reclassify the reversal of the provision for impairment, from investment income, to reversal of provision for impairment of fixed asset investment in the statement of comprehensive income. The corrections have not impacted the Company's net asset/(liabilities) position or total comprehensive income.

The financial effects of the restatement are set out below:

For the year ended 31 December 2021	Note	**As previously stated EUR 000**	**Restatement EUR 000**	**Restated EUR 000**
Statement of comprehensive income				
Investment income	3	7,538	(3,711)	3,827
Reversal of provision for impairment of fixed asset investment	8,9,10	8,930	3,711	12,641
		16,468	**-**	**16,468**

15. Restatement - Reversal of provision for impairment of fixed asset investments (continued)

For the year ended 31 December 2021	Note	As previously stated EUR 000	Restatement EUR 000	Restated EUR 000
Balance Sheet				
Investment in subsidiary	8	3,275	(2,555)	720
Debtors - amounts falling due within one year	10	5,655	2,555	8,210
		8,930	-	**8,930**

In addition, we have classified certain cash flows related to capitalised interest on Other investments and Amounts owed to group undertakings from cash flows from operating activities to cash flows from investing activities and cash flows from financing activities, respectively. Prior period amounts have been reclassified to conform to the current period presentation.

16. *Related party transactions*

As at 31 December 2022, Infracapital Partners II LP and Infracapital Partners (NT) II LP, the beneficial owners of the Company, have amounts of EUR 500,000 (2021: 487,000) and EUR 707,000 (2021: EUR 688,000) owed by the Company.

In accordance with paragraph 33.1A of FRS 102, the Company has not disclosed transactions with fellow group companies, which are wholly-owned by M&G Plc. There were no other related party transactions.

17. Directors' emoluments

No emoluments were paid to the Directors during the year in connection with the management of the affairs of the Company (2021: EUR nil).

None of the Directors exercised M&G Plc share options during the year (2021: none).

All Directors were employed during the year by M&G FA Limited. Analyses of staff costs, pension commitments and share based payments are shown in the annual report and financial statements of that Company.

18. Post balance sheet events

There have been no significant events affecting the Company since the year end which require adjustment for or disclosure in the financial statements.

19. Immediate and ultimate controlling party

The Company's immediate parent company is GGE UK 1 Limited, a company registered in England and Wales.

The ultimate parent company of GGE UK 2 Limited is M&G Plc, a company registered in England and Wales. Consolidated financial statements are prepared by M&G Plc and copies of these are available to the public and may be obtained from the registered office at 10 Fenchurch Avenue, London, EC3M 5AG.