

OS AA01

Statement of details of parent law and other
information for an overseas company



Companies House

100066/20

☒ What this form is for
You may use this form to
accompany your accounts
disclosed under parent law.

☐ What this form is NOT
You cannot use this form
for an alteration of manner
with accounting require

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05/09/2023

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COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of
overseas company ①

Globeleq Africa Holdings Limited

UK establishment
number

B R 0 2 0 2 7 3

→ Filling in this form
Please complete in typescript or in
bold black capitals.

All fields are mandatory unless
specified or indicated by *

① This is the name of the company in
its home state.

**Part 2 Statement of details of parent law and other
information for an overseas company**

A1 Legislation

Please give the legislation under which the accounts have been prepared and,
if applicable, the legislation under which the accounts have been audited.

Legislation ②

Companies (Guernsey) Law, 2008

② This means the relevant rules or
legislation which regulates the
preparation and, if applicable, the
audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted
accounting principles?

Please tick the appropriate box.

☒ No. Go to Section A3.

☐ Yes. Please enter the name of the organisation or other
body which issued those principles below, and then go to Section A3.

Name of organisation
or body ③

③ Please insert the name of the
appropriate accounting organisation
or body.

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box.

☐ No. Go to Section A5.

☒ Yes. Go to Section A4.

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A4 Audited accounts		
Audited accounts	<p>Have the accounts been audited in accordance with a set of generally accepted auditing standards?</p> <p>Please tick the appropriate box.</p> <p><input checked="" type="checkbox"/> No. Go to Part 3 'Signature'.</p> <p><input type="checkbox"/> Yes. Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'.</p>	<p>1 Please insert the name of the appropriate accounting organisation or body.</p>
Name of organisation or body 1		
A5 Unaudited accounts		
Unaudited accounts	<p>Is the company required to have its accounts audited?</p> <p>Please tick the appropriate box.</p> <p><input type="checkbox"/> No.</p> <p><input type="checkbox"/> Yes.</p>	
Part 3 Signature		
	<p>I am signing this form on behalf of the overseas company.</p>	
Signature	<p>Signature</p> <p>X <i>AS Okey</i> X</p>	
	<p>This form may be signed by:</p> <p>Director, Secretary, Permanent representative.</p>	

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Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Company Secretary							
Company name	Globeleq Africa Holdings Limited							
Address	6th Floor,							
67 Lombard Street,								
Post town								
County/Region	London,							
Postcode	E	C	3	V		9	L	J
Country	UK							
DX								
Telephone	0203 823 5589							



Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register.
- ☐ You have completed all sections of the form, if appropriate.
- ☐ You have signed the form.



Important information

Please note that all this information will appear on the public record.



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You may return this form to any Companies House address:

England and Wales:

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DX 33050 Cardiff.

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Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

Northern Ireland:

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Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
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Further information

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ANNUAL REPORT 2022



GLOBELEQ
— POWERING AFRICA'S GROWTH —

Globeleq Africa Holdings Limited

Annual Report and Consolidated Financial Statements

Year Ended
31 December 2022

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Strategic Report

About Globeleq

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

The Company is owned by Globeleq Limited, which in turn is owned 70% by the United Kingdom's development finance institution British International Investment plc ('BII'), and 30% by the Norwegian Investment Fund for Developing Countries ('Norfund'). The Company is legally incorporated in Guernsey and since 1st January 2018 has been UK resident for tax purposes in line with UK tax legislation. The terms 'we', 'us', and 'our' shall be used to refer to the Company and, unless the context requires otherwise, the Group.

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

Executive Summary

Financials

- The Group posted an increase in revenues in 2022 to \$ 571m (2021: \$ 562m).
- EBITDA (Earnings before interest, tax, depreciation, and amortization) decreased to \$ 280m (2021: \$ 316m).
- Profit after tax for the year was US\$ 53m (2021: \$ 96m).
- Global economic headwinds have impacted the ability of some offtakers to pay us on time. As such the Group arrears have increased in 2022 to \$ 152m (2021: \$ 74m). The Group is working closely with them to reduce these outstanding balances.
- Capital expenditure of \$ 251m was incurred in 2022, funded through a combination of debt and equity financing. This resulted in the Group PPE balance increasing to \$1,047m (2021: \$ 890m).
- Given the level of construction in the year, the net debt position at year end increased to \$ 991m (2021: \$ 858m).
- Cash position remained robust with a year-end balance of cash and cash equivalents of \$ 412m.



Safety and Operations

- The operations safety incident rate across the Group rose slightly to 0.06 per 200,000 working hours in 2022 (2021: 0.05).
- The incident rate for construction projects for the year was 0.09 (2021: 0.2), a significant improvement on the previous year.
- This places the Group in the top decile of the electrical generation in terms of safety.
- Plant availability a key metric for the business, was 95.6% up from 94.7% in the previous year.
- The Group's new solar plants at Malindi in Kenya and ARC in Egypt both performed exceptionally well. In South Africa, all plants achieved their availability targets except Klipheuvel Wind Farm although wind and solar resource in South Africa was lower than expected.



New Projects

- The Group has an extensive portfolio of potential projects with renewable energy projects in Namibia, South Africa and Mozambique all expected to make significant progress in 2023.
- In Kenya, the Group expects to reach financial close at the Menengai project, the Group's first geo-thermal project, in 2023.
- The Group is also examining potential "game-changer" projects of scale in Africa including green hydrogen opportunities in Egypt, Eskom re-powering projects in South Africa and gas-to-power with carbon capture and storage in Mozambique.

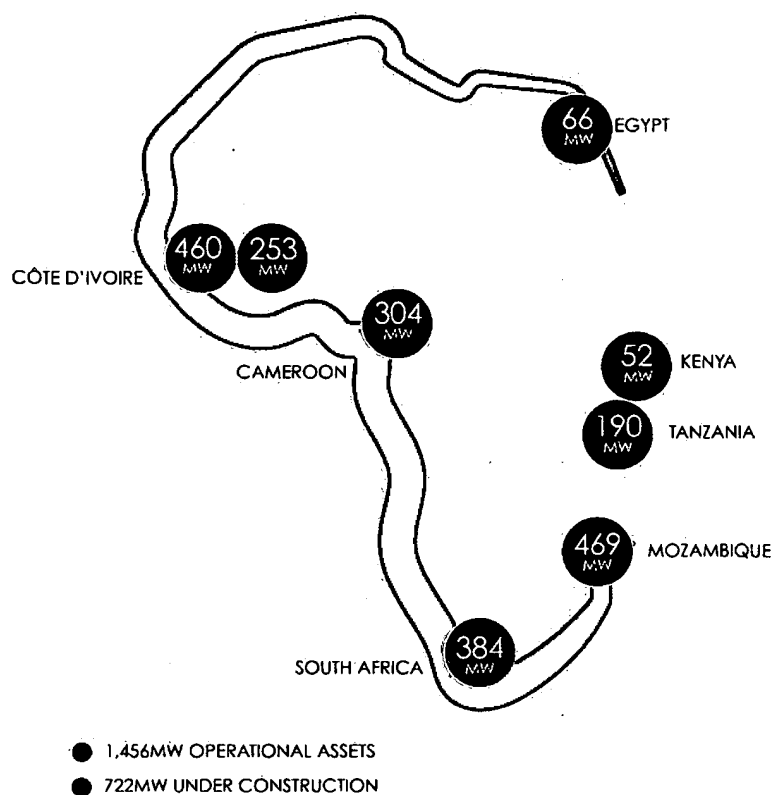


Construction

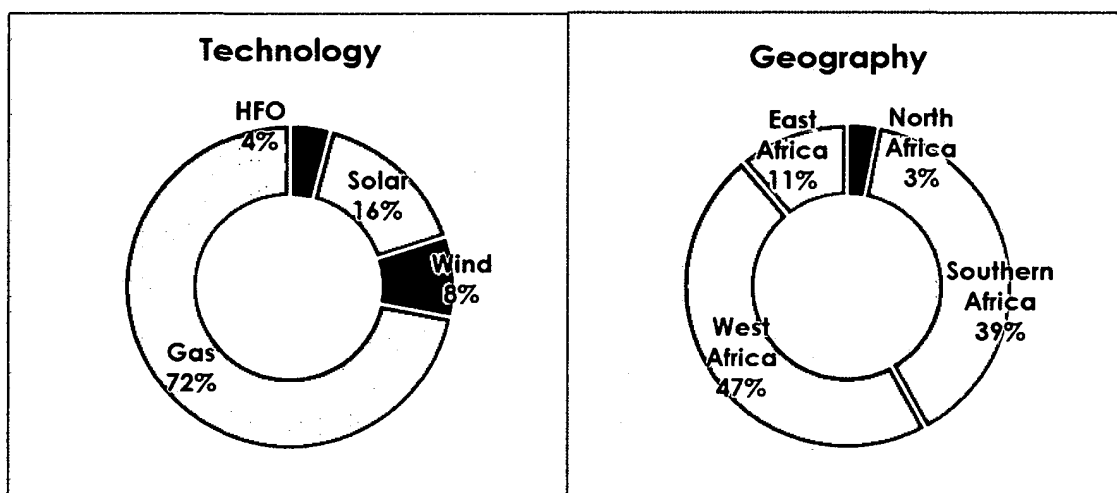
- The Group had 722MW under construction at the end of 2022.
- The Phase 4 expansion at the Azito combined cycle gas turbine plant in Côte d'Ivoire (253MW) is progressing towards completion in 2023.
- The Central Termica de Temane gas plant (450MW); and the Guamba solar and battery project (119MW with 7MWh battery storage) both started construction in 2022 with Guamba expected to start producing power later in 2023 and Temane in 2024.



Where We Operate



Operating Businesses



Business Development, Construction and Operations

Business Development Activities

The Group carries out development activities across the continent. This can take the form of bidding for a contract through a competitive tender process (usually run by a government department or utility); entering into bi-lateral negotiations with a host Government to develop a power plant; stepping into an existing development that needs industry expertise and capital to take it to financial close; or acquiring an asset.

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

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

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

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

Construction

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

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

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

Safety

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

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

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

Operations

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

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

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

2022 operational highlights in each country were as follows:

Côte d'Ivoire

The Azito combined cycle gas plant (460MW) operates under a long-term Concession Agreement and sells electricity to the State through Côte d'Ivoire Energies (CI-Energies). The Government of Côte d'Ivoire is responsible for the supply of gas at no cost to the project company. The plant is majority-owned by the Group, with the remaining interest owned by IPS (West Africa) (part of the Aga Khan Development Network).

Availability at the Azito plant was 94.6% in 2022, compared with 88.4% in 2021. The Azito Phase 4 expansion is currently under construction, with a 181MW gas turbine and a 72MW steam turbine expected to commence operations in 2023 under similar contractual arrangements to the rest of the facility. In May 2023, Globeleq's Board conducted an international Board meeting and visited the Azito Plant to assess its development.

Tanzania

The Songas plant (190MW) is 54% owned by the Group, with the remaining interest owned by Tanzania Petroleum Development Corporation (TPDC), TANESCO (State-owned power utility) and by Tanzanian Development Finance Limited. The plant is the most economic thermal plant on the Tanzanian grid and is typically dispatched at full load. The plant is supplied via pipeline from a southern Tanzanian gas field operated by Pan African Energy Tanzania (PAET).

Availability at the plant was 89.3% in 2022, compared with 96.0% in 2021. Availability was lower during the year due to prolonged gas turbine outages at the plant. The capacity factor was higher than planned due to lower offline dispatches from TANESCO, the offtaker, due to lower output than expected from hydroelectric plants. By the end of the year, Songas had made good progress in reducing arrears from TANESCO.

The Group continues to work constructively with TANESCO to extend the Songas Power Purchase Agreement which expires in the middle of 2024.

Cameroon

The Group operates and owns 56% of two plants in Cameroon, with the remaining interest held by the State.

Commissioned in 2013, Kribi (216MW) runs at a high capacity using thirteen gas engines. Kribi buys its gas from the State-owned gas company Société Nationale des Hydrocarbures (SNH) and sells availability and energy to the privatised national utility ENEO. Dibamba (88MW) was commissioned in 2009, has eight heavy fuel oil (HFO) engines, maintains high levels of

availability, but operates as a peaking plant with a low-capacity factor. Dibamba sells capacity to ENEO under a tolling agreement. At the end of 2022, all third-party debt had been repaid in Dibamba and scheduled for Kribi in early 2023. Consequently, the management of the two plants was merged to improve operational efficiency with a reduction of c.20% of the workforce. Availability at Kribi was 86.2% (2021: 89.9%) and Dibamba 97.7% (2021: 97.2%).

The electricity sector continues to be financially challenged with constraints on capital available for investment. Management continues to work closely with ENEO, the State and other key shareholders to reduce payments arrears for the two plants but with limited success in 2022. This remains a key focus for the business in 2023.

South Africa

The Group has a sizeable renewable energy footprint in South Africa, with two wind farms and six solar plants totalling 384MW. There are local partners in each project.

During 2022, all plants achieved their availability targets except Klipheuwel Wind Farm because of blade failures. Solar and wind resources were lower than expected, resulting in revenue that was 5.6% under budget by year-end. Average availability across the fleet was 97.6% in 2022, compared to 97.5% in 2021.

As part of a Consortium with Mainstream Renewable Power, the Group was awarded solar and wind projects in Renewable Independent Power Producer (REIPP) Bid Round 5. The Consortium is now working out how best to provide power through these projects to the South African National Grid at a time of acute power shortages and inflation within the energy sector.

Kenya

The Malindi solar project (52MW) started exporting power to the national grid at full capacity in December 2021 and has been fully operational since early 2022. Availability at Malindi in 2022 was 99.8%, which is a very strong performance in the first year of operations. Discussions around expanding the Malindi Solar plant are ongoing with the Government of Kenya.

The Group is also a 30% non-operating shareholder in the Tsavo HFO plant (75MW), which had a PPA that expired in September 2021. Discussions are underway to either transfer the plant to the State operator, Kengen, or decommission the plant.

Egypt

The Group acquired ARC Solar (66MW) in August 2021 and the facility performed exceptionally well in its first full year as a Globeleq asset with 99.9% availability. The Group made a series of improvements to operations, and its local Business Development team has expanded with Egypt now recognised as a country of focus for the Group given its exceptional potential in wind, solar, green hydrogen and desalinisation.

Nigeria

In December 2020, the Group acquired a 74% stake, via the holding company Globeleq Power Solutions Limited ("GPSL"), in the Nigerian commercial and industrial power business CPGNL Limited. In October 2021, the Board of Directors of Globeleq Limited approved the exercise of its contractual right to unwind the original transaction and to return the control of GPSL to the former owner, Clean Energy Holdings Limited ("CEHL"). The unwinding of this transaction was concluded in December 2022.

Mozambique

The Group is constructing two projects in Mozambique: a 450MW gas-to-power plant at Temane in Inhambane Province, Southern Mozambique and a 19MWp solar plant with energy battery storage at Cuamba which is in Niassa Province, in Northern Mozambique, close to the border with Malawi.

Safety performance at Temane has been excellent with, at year-end 2022, 329 project days without a Lost Time Incident / Accident (LTA). The project is progressing well with the contractor just behind schedule (29.3% complete vs a target of 30.5%) with particularly good progress in recent months. The project also remains within budget and commissioning is expected around the end of 2024.

The Cuamba project has also performed well with 375 days since an LTA. The project has been delayed by some months, due to issues during construction. The facility is now expected to start commissioning in 2023, where we will be deploying the first utility-scale battery storage solution in Mozambique, enhancing the value of this facility to our partner and local utility EDM.

Risk Management

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

Geo-political (External) Risks

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

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

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

Strategic Risks

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

Nevertheless, the Group remains focused on growing its portfolio, investing in distinct, standalone businesses that operate in different countries, use different fuel sources and are paid in different currencies. A diversified portfolio is a key tenet of our Group Strategy and Business Plan.

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

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

Business Development Risks

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

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

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

Construction Risks

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

Operational Risks

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

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

Cybersecurity is also a priority for the Group and there are policies and procedures in place to mitigate the risk of cyberattacks or systems failures. In 2022 the Group employed a dedicated Head of Cybersecurity to coordinate the management of this risk across all operating assets.

Environment, Social and Governance (ESG) Risks

Climate change can result in extreme weather events that affect operations. For example, floods can cause damage to equipment, reduce production at renewable energy plants and increase insurance costs. In addition, climate change has impacted the future of electricity generation and the business now has an increased focus on renewable technologies and other projects which directly assist Globeleq's path to net zero carbon emissions.

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

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

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

Finance Risks

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

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

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

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

People Risks

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

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

Internal Controls for Managing Risk

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

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

Second Line: Management oversight. This is the responsibility of the Board of Directors, via sub-committees and the Executive Committee (ExCo) including the Investment Committee. In addition, the Group implements several second-line reviews, including technical and safety reviews, peer reviews, pre-commissioning and post-financial close reviews.

These reviews are carried out by staff across the organisation and provide an excellent opportunity to share experiences, learn and build broader capabilities within the Group.

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

Business Integrity and Compliance

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

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

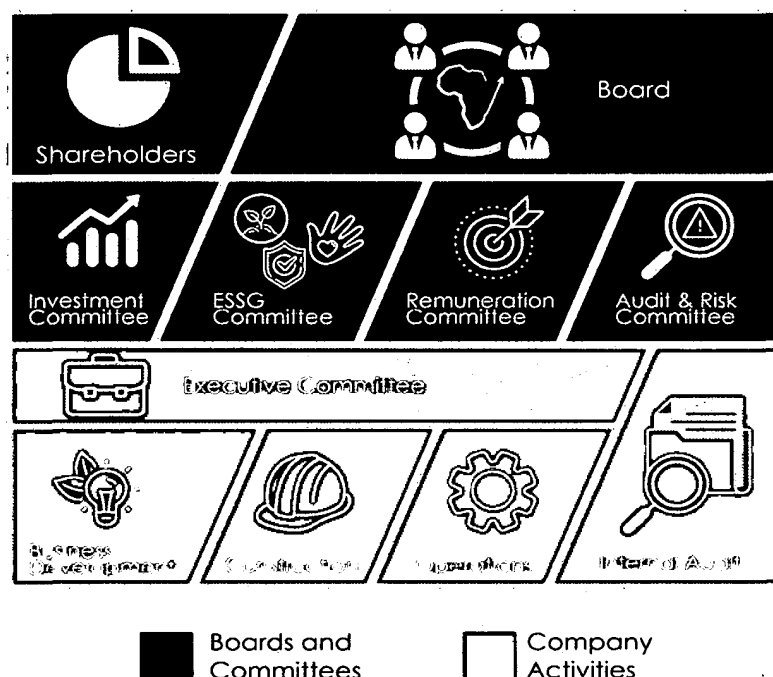
The Group's Code of Conduct (www.globeleq.com/about-us/our-company/#code-of-conduct) sets out the expected behaviour of all employees. This is supported by a more detailed Anti Bribery and Anti-Corruption Policy. Employees must renew their pledges yearly. A hotline, operated by an independent contractor, allows employees to report suspicious behaviour anonymously by telephone or email.

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

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

Corporate Governance

The Board of Globeleq Limited (the 100% shareholder of Globeleq Africa Holdings Limited) is primarily responsible for ensuring there is an appropriate governance framework across the Group, as illustrated below. The Executive Committee is responsible for implementing and managing that framework.



The Board and Committees

The Board meets at least four times a year. At each meeting, it receives reports from each of its committees, as well as financial and operational reports from the Company. The Board reviews and monitors all development activities of the business and approves all major investment projects before financial close. Once a year, it approves the Budget for the business, together with a three-year Business Plan that sets out the operating parameters and performance levels of the business. The Globeleq Limited Board sets out the framework for Management to execute the objectives of the Group. It does this through its activities and those of the Committees.

The Remuneration Committee sets targets for Management in operating the business to ensure Management is focused on the appropriate objectives, entrepreneurial goals (such as achieving closings and growing the business), Diversity and Inclusion, ESG and risk management targets (such as safety, people risk, operational performance, management of arrears and cash, and managing development spend effectively). This is achieved through the setting of performance targets in the short-term and long-term incentive plans.

The Audit and Risk Committee assesses the effectiveness of risk management across the Group and the system of internal controls. It does this through reports from Management and the external auditor in the context of the preparation of the annual accounts. It also manages the relationship with external auditors and reviews the annual financial statements. It reviews the risk management policy of the Group and reports carried out by Internal Audit and approves the three-year audit programme.

The Environment, Safety and Social Governance Committee reviews the areas where the operations require a 'license to operate'. This includes safety performance across the business; the social impact of proposed developments; environmental performance; and social-economic development spending.

In respect of development activities, there is an emphasis on the management of environmental and social risks and ensuring these are properly addressed during the development process. The Committee's mandate has expanded in 2021 to include climate change as well as diversity and inclusion (D&I). The Committee also ensures there are proper policies in place to improve the management of these risks.

The Investment Committee is chaired by the CEO with membership from Management, Board and Shareholder appointees. Others may attend but do not have voting rights. All development projects are presented to the Committee and preliminary to presenting them for final Board approval (except for certain small projects which do not require full Board approval).

CEO and Executive Committee (ExCo)

The Board has delegated day-to-day responsibility for the implementation of the Group strategy to the CEO. The ExCo, which is chaired by the CEO, comprises the Chief Development Officer ('CDO'), COO, CFO, General Counsel and CHRO, supports the CEO and coordinates management activities across the Group.

The CFO leads the annual budgeting and planning process, and the CDO and COO monitor the performance of the Company's activities including development, construction and operations. The ExCo evaluates risk and internal controls of the Company and promotes best practices across the organisation.

Environment and Social Governance (ESG) Performance

The Company screens all of its activities for ESG impacts and seeks to integrate ESG considerations into all project processes. Our in-house ESG department works on all projects and implements strategic initiatives across the Group. It is also responsible for implementing the Group's climate change strategy and publishing an annual Sustainability Report.

In 2022, our ESG team delivered:

- An updated climate change strategy to inform business development investment decisions and management of climate risk in our operational assets. The strategy was revised and approved by the Board of Directors in 2022 and continues to inform the Company's overall business strategy.
- The Company's third annual Sustainability Report.
- A 2050 greenhouse gas (GHG) emission pathway model, that allows us to evaluate the emissions implication of our existing assets and projects. This model will be used to inform future emissions targets.
- Improved social performance at our operational assets, through the continued incorporation of ESG targets in the Company's annual performance metrics. The integration of ESG metrics into operational monthly reporting.
- The team delivered an internal TCFD (Taskforce on Climate-related Financial Disclosures) report, as part of our preparation for any potential external TCFD reporting needs.

Business Development Activities

The Group applies ESG screens to all business development activities to understand how planned projects will affect the physical and social environment. Appropriate measures are included at the planning stage to prevent negative ESG impacts and mitigate the residual impacts of construction and operations.

Financial institutions now assess the ESG performance of proposed projects before financing is approved, which means that our preparatory ESG work is more necessary than ever to bring projects to financial close.

During 2022, the ESG team supported the Temane and Cuamba projects in Mozambique, through their transition into construction, following financial close in late-2021.

Construction

The ESG team is monitoring and helping local site teams implement ESG standards at the Azito Phase 4 expansion project in Côte d'Ivoire and the Temane and Cuamba projects in Mozambique. The ESG team, in collaboration with engineering and construction teams, implemented our documented ESG procedures for EPC contractors, which has helped to improve outcomes. The teams have embarked on a structured lessons-learned exercise on our requirements and processes. Any improvements identified will be implemented in future construction projects.

In 2022, the ESG team supported Malindi through its transition from construction to operations.

Operations

Efforts to improve data quality and reporting from the operating businesses have continued. Working in close cooperation with the COO, the ESG team is moving to integrate data and put monitoring systems in place. The second year of social targets being included in the Company's performance metrics has substantially improved the rigor of planning and the execution of socio-economic development (SED) initiatives. The team is now moving its focus to improve outcomes from SED projects.

Climate Change

Over the past four years, Globeleq has measured its greenhouse gas (GHG) emissions to provide baseline data for the Company. This data is published in our annual Sustainability Report. The data shows that 99% of Group emissions come from fuel use at thermal power plants. Emissions vary from year to year with the amount of electricity generated at these plants.

The overall GHG intensity of the Group in 2022 was 395 tCO₂e per GWh of energy produced. This compares to 412 tCO₂e per GWh in 2021. As Azito Phase 4 (2023) and Temane (2024) come onstream, the Group's emissions from operations will increase. As the Group's pipeline of renewable projects, including projects in South Africa and Mozambique, begin operations, the Group's emission intensity per GWh will decrease in the longer term, as the pipeline of renewable projects, including projects in South Africa and Mozambique, begin operations.

In 2022, climate change deliverables continue to form part of the ESG targets in the Company's annual performance metrics. These deliverables are intended to develop and strengthen the necessary tools and processes to effectively manage Climate Change within the Company.

In 2022, the Company continued to assess and monitor climate-related risks and opportunities in the Group's development pipeline and operating portfolio. The principles of management and mitigation of these risks are based on the TCFD framework. Over the past year and into 2023, the Group has been preparing carefully to report under TCFD from 2024 onwards.

Sustainability

Our Sustainability Report for 2021 is available on our website via the following link (<http://www.globeleq.com/sustainability/#our-commitment>), and the 2022 Sustainability Report will be available on the website by end of June 2023.

Directors' Report

The Directors present their report together with the financial statements for the year ended 31st December 2022.

The consolidated financial statements of Globeleq Africa Holdings Limited and its subsidiaries (collectively, 'the Group') for the year ended 31st December 2022 were authorised for issue by the Board of Directors on 25th May 2023. The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The consolidated financial statements are in agreement with the accounting records, which have been properly kept in accordance with relevant law.

Principal Activities of the Group

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

We seek to maximise our positive impact by sustainably electrifying the continent, while also achieving acceptable financial returns and ensuring compliance with all relevant climate change policies.

- Development impact is achieved by introducing new generation assets to the grid, thereby providing much-needed electricity to the African continent and supporting economic growth.
- The proportion of our development and operating portfolio derived from renewable energy and storage will increase, consistent with our climate change strategy.
- We use balanced tariff solutions and concessional funding where we can maximise customer utility.
- Although the impact of the Covid-19 pandemic has now substantially passed, the onset of the war in Ukraine has the potential to impact the Company in other ways. Thus far, the Group has responded to the challenges well and will continue to actively manage the impact on supply chains, projects, people and finances.

Dividends

No dividend was declared or paid in 2022 or 2021.

Political and Charitable Contributions

There have been Nil political contributions in the year (2021: Nil). Nil charitable contributions were made in 2022 (2021: Nil).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey law and generally accepted accounting principles.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors should:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2022

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

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

The Group's financial statements have been prepared using the going concern assumption, having considered a going concern period to 31st May 2024.

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

The Directors have therefore concluded that the Group has access to sufficient financial resources to meet its liabilities as they fall due. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

Directors and their Interests

The current Directors are listed on page 71. There were no changes in Directors during the year and to the date of approval of the financial statements.

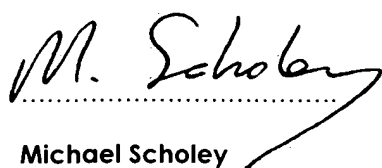
Disclosure of Information to the Auditor

So far as each of the Directors is aware, and in accordance with section 249 (2) of The Companies (Guernsey) Law, 2008, there is no relevant audit information of which the Company's auditor is unaware, and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

The Directors passed a resolution to reappoint Ernst & Young LLP as auditors during the period.

On behalf of the Board of Directors,



Michael Scholey
Chief Executive Officer

25th May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLOBELEQ AFRICA HOLDINGS LIMITED

Opinion

We have audited the financial statements of Globeleq Africa Holdings Limited (the "company") and its subsidiaries (the "group")) for the year ended 31st December 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the group's affairs as at 31st December 2022 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards; and
- ▶ have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

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, including the UK 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's and company's ability to continue as a going concern for a period to 31st May 2024.

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

Other Information

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception.

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the company's accounting records and returns; 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 17, 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's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities,

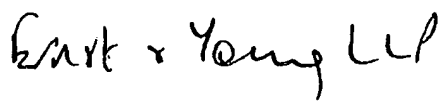
including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (IFRS, The Companies (Guernsey) Law, 2008) and the relevant tax compliance regulations in the jurisdiction in which the Company operates, including the United Kingdom;
- We understood how Globeleq Africa Holdings Limited is complying with those frameworks by making inquiries of management, those responsible for legal and compliance procedures and those with charged with governance. We corroborated our inquiries through our review of minutes of Board of Directors meetings and the review of various correspondence examined in the context of our audit and noted that there was no contradictory evidence;
- We assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by gaining an understanding of the entity level controls and policies that the Company applies. We performed walkthrough procedures to confirm our understanding of the financial statement close process;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business, enquiries of management, review of internal audit reports and of the volume and nature of complaints received by the whistleblowing hotline during the year and review of management reports to the Audit Committee.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


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Ernst & Young LLP
London
26th May 2023

Financial Statements

Consolidated Income Statement

For the year ended 31st December

\$'000	Notes	2022	2021
Operating revenue	3a	509,086	532,841
Other income	3b	61,840	29,240
Total revenue		570,926	562,081
Operating and maintenance expenditure		(204,267)	(210,618)
Administrative expenditure	4a	(60,948)	(79,683)
Other (losses)/gains	4b	(26,184)	43,821
Depreciation and amortisation	5	(92,427)	(90,044)
Share of profit in associated undertakings	-	-	779
Operating profit before interest and income tax		187,100	226,336
Gain on disposal of subsidiary	10	5,087	-
Finance income	6	19,456	27,365
Finance expense	6	(85,284)	(77,621)
Profit before income tax		126,359	176,080
Income tax expense	7	(73,619)	(80,052)
Profit from continuing operations		52,740	96,028
Attributable to:			
Equity holder of the parent		20,272	19,921
Non-controlling interests (NCI)	28	32,468	76,107
		52,740	96,028

Consolidated Statement of Comprehensive Income

For the year ended 31st December

\$'000	2022	2021
Net profit for the year	52,740	96,028
<i>Other comprehensive income to be reclassified to the consolidated income statement in subsequent periods:</i>		
Exchange differences on translating foreign operations	(9,265)	(19,706)
Gain on hedging instruments	60,891	13,474
Total recognised income and expense for the year (net of tax)	104,366	89,796
Attributable to:		
Equity holder of the parent	65,151	25,614
Non-controlling interests	39,215	64,182
	104,366	89,796

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2022

Consolidated Balance Sheet

As at 31 st December	Notes	2022 \$'000	2021 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,047,916	890,435
Right of use assets	20	18,744	22,185
Intangible assets	9	298,369	342,132
Finance lease receivable	11	39,880	44,308
Deferred tax asset	21	37,439	38,879
Trade and other receivables	12	572,110	558,131
Derivative financial instruments	23	102,981	67,468
		2,117,439	1,963,538
Current assets			
Inventories	13	74,711	57,725
Trade and other receivables	12	261,279	238,082
Derivative financial instruments	23	12,417	4,304
Finance lease receivable	11	1,077	914
Cash and cash equivalents	14	412,066	570,785
		761,550	871,810
Assets classified as held for sale	10	-	29,074
		761,550	900,884
TOTAL ASSETS		2,878,989	2,864,422
EQUITY AND LIABILITIES			
Attributable to the equity holder of the parent			
Share capital	17	49,909	49,909
Hedge reserve		30,457	(17,442)
Currency translation reserve		(46,398)	(42,270)
Other Reserves	30	55,804	63,606
Retained earnings		333,418	313,146
		423,190	366,949
Non-controlling interests	28	270,288	274,444
Total equity		693,478	641,393
Non-current liabilities			
Trade and other payables	22	4,800	5,527
Deferred income	18	7,533	8,733
Interest bearing loans and borrowings	19	1,247,766	1,273,518
Lease liabilities	20	20,248	23,881
Provisions	24	111,108	108,214
Shareholder loans	29	24,589	35,476
Derivative financial instruments	23	3,154	39,704
Deferred tax liabilities	21	229,752	228,917
		1,648,950	1,723,970
Current liabilities			
Trade and other payables	22	305,274	254,988
Deferred income	18	5,656	5,523
Current tax liabilities		37,506	19,191
Interest bearing loans and borrowings	19	155,773	155,039
Lease liabilities	20	2,323	2,668
Provisions	24	28,454	13,520
Derivative financial instruments	23	1,575	21,642
		536,561	472,571
Liabilities directly associated with the assets held for sale	10	-	26,488
		536,561	499,059
Total liabilities		2,185,511	2,223,029
TOTAL EQUITY AND LIABILITIES		2,878,989	2,864,422

The accounts were approved by the Board on 25th May 2023 and signed on their behalf by:


Michael Scholey
 Chief Executive Officer


Ian Coxon
 Executive Director

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2022

Consolidated Statement of Changes in Equity

\$'000	Share capital	Currency translation reserve	Cash flow Hedging reserve	Other Reserves	Retained earnings	Total Share-holders' equity	Non-controlling interests	Total equity
At 1st January 2022	49,909	(42,270)	(17,442)	63,606	313,146	366,949	274,444	641,393
Dividends paid to NCI	-	-	-	-	-	-	(49,837)	(49,837)
Acquisition of NCI share in subsidiary	-	-	-	-	-	-	-	-
Disposal of subsidiary (Note 10)	-	(1,108)	-	-	-	(1,108)	20	(1,088)
Fair value adjustment on interest free loan (Note 30)	-	-	-	(7,802)	-	(7,802)	-	(7,802)
Equity contribution from NCI	-	-	-	-	-	-	6,446	6,446
Gain on hedging instruments	-	-	47,579	-	-	47,579	13,312	60,891
Exchange differences on translating foreign operations	-	(3,020)	320	-	-	(2,700)	(6,565)	(9,265)
Profit for the year	-	-	-	-	20,272	20,272	32,468	52,740
Total movement for the year	-	(4,128)	47,899	(7,802)	20,272	56,241	(4,156)	52,085
At 31st December 2022	49,909	(46,398)	30,457	55,804	333,418	423,190	270,288	693,478

\$'000	Share capital	Currency translation reserve	Cash flow Hedging reserve	Other Reserves	Retained earnings	Total Share-holders' equity	Non-controlling interests	Total equity
At 1st January 2021	49,909	(39,194)	(26,211)	64,539	294,914	343,957	305,536	649,493
Dividends paid to NCI	-	-	-	-	-	-	(108,754)	(108,754)
Acquisition of NCI share in subsidiary	-	-	-	-	(1,689)	(1,689)	1,689	-
Revaluation of subsidiary NCI put option (Note 30)	-	-	-	11,037	-	11,037	-	11,037
Fair value adjustment on interest free loan (Note 30)	-	-	-	(11,970)	-	(11,970)	-	(11,970)
Equity contribution from NCI	-	-	-	-	-	-	11,791	11,791
Gain on hedging instruments	-	-	8,310	-	-	8,310	5,164	13,474
Exchange differences on translating foreign operations	-	(3,076)	459	-	-	(2,617)	(17,089)	(19,706)
Profit for the year	-	-	-	-	19,921	19,921	76,107	96,028
Total movement for the year	-	(3,076)	8,769	(933)	18,232	22,992	(31,092)	(8,100)
At 31st December 2021	49,909	(42,270)	(17,442)	63,606	313,146	366,949	274,444	641,393

Globeleq Africa Holdings Limited Annual Report and Consolidated Financial Statements 2022

Consolidated Statement of Cash Flows

For the year ended 31st December

\$'000	Notes	2022	2021
CASHFLOWS FROM OPERATING ACTIVITIES			
Profit from continuing operations before tax		126,359	176,080
Profit before tax		126,359	176,080
<i>Non cash adjustments to reconcile profit before tax to net operating cash flows:</i>			
Depreciation and amortisation	5	92,427	90,044
Loss/(gain) on disposal of property, plant and equipment	4b	1,847	(2,448)
Impairment of assets	4b	1,527	16,190
Movement in expected credit loss	4b	19,423	(40,238)
Impairment loss on investment in associates	4b	-	(917)
Gain on disposal of subsidiary/ Share of profit in associates	10	(5,087)	(779)
Decrease in fair value of acquisition contingent consideration	4b	-	(10,120)
Change in fair value of derivatives	6	(20,162)	(29,749)
IFRIC 12 non-cash movements		41,584	34,069
Interest income	6	(19,456)	(27,365)
Imputed interest on shareholder loans	6	2,125	4,022
Finance expense	6	95,330	94,990
Deferred income	18	(5,523)	(5,523)
Net foreign exchange differences	6	7,991	8,358
Net movement in provisions		24,401	15,141
Cashflow from operations before changes in working capital		362,786	321,755
(Increase)/decrease in trade and other receivables		(114,883)	107,351
Increase in inventories		(15,608)	(10,942)
Increase in trade and other payables		27,022	59,192
Cashflow from operations before tax paid		259,317	477,356
Tax paid		(66,602)	(74,668)
Cashflows from operating activities after tax paid		192,715	402,688
CASHFLOWS FROM INVESTING ACTIVITIES			
Investment in property, plant and equipment	8	(235,363)	(204,308)
Investment in finite life intangible assets	9	(1,672)	(215)
Investments in subsidiaries net of cash and cash equivalents acquired		-	(6,702)
Government Grant	18	4,456	-
Cash paid from disposal of subsidiaries	10	(500)	-
Proceeds from disposal of property, plant and equipment		174	3,278
Interest received	6	19,582	27,365
Dividends received from associates		2,100	3,973
Cashflows from investing activities		(211,223)	(176,609)
CASHFLOWS FROM FINANCING ACTIVITIES			
Repayments of lease liabilities		(4,568)	(4,291)
Non-recourse interest paid and other finance charges		(83,567)	(88,062)
Repayment of loans and borrowings		(93,913)	(328,871)
Increase in loans and borrowings received		123,399	543,778
Repayment of shareholder loans		(20,814)	(30,783)
Equity contributions from NCI		6,446	11,791
Dividends paid to NCI	28	(49,837)	(108,754)
Cashflows from financing activities		(122,854)	(5,192)
Net increase in cash and cash equivalents		(141,362)	220,887
Cash and cash equivalents as at 1 January	14	570,785	370,564
Effect of exchange rate changes on cash		(17,357)	(20,666)
Cash and cash equivalents as at 31 December	14	412,066	570,785

Notes to the Accounts

1 CORPORATE INFORMATION

The consolidated financial statements of the Company and its subsidiaries, together the Group, for the year ended 31st December 2022 were authorised for issue in accordance with a resolution of the Directors on 25th May 2023.

The Company is a limited company incorporated in Guernsey but is a UK tax resident since 1st January 2018. All issued ordinary shares of the Company are held by Globeleq Limited.

Basis of Preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). The consolidated financial statements have been prepared on a historical cost basis, except for items measured at fair value. The consolidated financial statements have also been prepared in accordance with The Companies (Guernsey) Law, 2008.

Going Concern Assumption

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

The Group's financial statements have been prepared using the going concern assumption, with the Directors having considered a going concern assessment period to 31st May 2024.

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

The Directors, therefore, consider that the Group has access to sufficient financial resources to meet its liabilities as they fall due. Further details on the liquidity of the Group are discussed within the notes to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Functional and Presentational Currency

The consolidated financial statements are presented in US Dollars ('\$') which is the Company's functional currency. All financial information presented in \$ has been rounded to the nearest thousand dollars unless otherwise stated.

Judgement used in Applying Accounting Policies and Sources of Estimation Uncertainty

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

a) Accounting for Concession Agreements – Accounting Judgement

The Group has entered a number of concession arrangements with the Ivorian and Cameroonian authorities where it assumed responsibility for building and operating gas and heavy fuel oil electricity generation infrastructure assets in consideration for long-term contracts allowing the Group to sell the power generation capacity to local customers. In accounting for these concession arrangements, the Group made judgements regarding control over the infrastructure and whether the Group has a contractual right to receive cash or right to charge the ultimate users of the provided services.

As the grantors control the significant residual interest in the infrastructure, as well as the services, the Group must provide under the concession agreements, Management determined that such arrangements fell within scope of IFRIC 12 "Service concession arrangements", resulting in the recognition of the financial asset.

Deferred capacity payments under the service concession arrangements are recognised as a financial asset within other receivables in accordance with the requirements of IFRS 9 "Financial Instruments" as Management has determined that they represent unconditional contractual rights for the Group to receive cash from the respective grantors. Finance income on these financial assets is calculated on the basis of the effective interest rate, equivalent to the project's internal rate of return, and is recognised within operating revenue.

In the case of a construction or an expansion to the infrastructure, construction revenue is recognised during the construction period and is equal to the cost of construction plus a profit margin. Interest income on the resulting financial asset is recognised within revenue and the financial asset is reduced as capacity payments under the Power Purchase Agreements ("PPA") are received.

b) Accounting for Business Combinations/Accounting Judgment and Estimation Uncertainty

Judgement is required when considering whether acquisitions meet the definition of a business or constitute an acquisition of assets.

Accounting for business combinations also involves estimation uncertainty as it requires management to determine the fair value of the assets and liabilities acquired. Where observable markets for these assets and liabilities are not available, their fair value is determined using discounted cashflows. Judgement is required to determine the projected future cashflows of the assets and liabilities acquired, and the appropriate discount rate to be included in these calculations.

c) The Allowance for Expected Credit Losses – Estimation Uncertainty

The Group recognises an allowance for expected credit losses ("ECLs") for IFRIC 12 contract assets, trade and other receivables and accrued income. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flow is assessed based on the probability of default approach. In its probability assessment the Group analyses the default swaps of the geographies it has significant operations in, the credit ratings of its customers and other available information which can indicate changes in the credit quality of its financial assets such as the customers' financial information or arrangements revealing a third party's perception of the credit quality.

d) Accounting for Property, Plant and Equipment, and Intangible Assets – Useful lives – Estimation Uncertainty

The determination of the appropriate useful life for a particular asset requires Management to make judgements about, among other factors, the expected period of service potential of the asset, the likelihood of the asset becoming obsolete as a result of technological advances and the likelihood of the Group ceasing to use the asset in its business operations. Management reassesses the appropriateness of useful lives applied to property, plant and equipment at least annually and also considers whether any indicators of impairment have occurred which might require impairment testing.

e) Accounting for Property, Plant and Equipment, and Intangible Assets – Recoverability assessment – Estimation Uncertainty

Due to the consistent below budget performance of Boshof and Soutpan solar power stations and Klipheuwel wind power station, the Group performed a formal impairment test. It demonstrated that as at 31st December 2022 the recoverable amounts of the PPE and Intangible assets were higher than the respective book values.

In addition, as part of the annual impairment indicators assessment it was noted that the full recoverability of the PPE balance in Songas gas-fired power station was dependant on the successful extension of the existing power purchase agreement beyond 2024. As the negotiations with the local customer in Tanzania are under way, the Group conducted a probability weighted recoverability analysis which showed no impairment, but the result was sensitive to the allocated probability of successful extension.

f) Provisions and Contingencies – Accounting Judgment and Estimation Uncertainty

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

g) Assets held for Sale – Accounting Judgement and Estimation Uncertainty

At 31st December 2021, the Group classified assets and liabilities of GPSL and its subsidiary as a disposal group. At that date, the Group was engaged in discussions with the former owner of GPSL to unwind the business combination transaction completed at the end of 2020. Because the disposal group does not represent a separate major line of business and geographical operations, its results have not been presented as discontinued operations in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Consolidated Statement of Cash Flow.

In addition, IFRS 5 "Non-current assets held for sale and Discontinued operations" requires net assets of a disposal group to be measured at the lower of their carrying amount and fair value less costs to sell ("FVLCS"). The FVLCS assessment was based on the management expectations of the proceeds from the unwinding and resulted in a \$ 16.2m impairment charge recognised in 2021 against GPSL goodwill, intangible assets and PPE.

In 2022, the ownership over GPSL was successfully transferred to the previous owner. Please refer to note 10 for further details.

h) Managing Climate Risk

In 2021, we assessed our full portfolio of existing assets and our project pipeline using a new bespoke Climate Risk and Opportunity Assessment (CROA) tool. The tool was developed with the support of specialist climate consultants and enables us to use forward looking modelling scenarios to screen climate risks and define mitigation and management measures where needed. In 2022, we continued to assess our project pipeline.

We found that many of our existing assets are not at risk of physical climate impacts. Those which are at risk – for example from extreme heat, storms, or droughts – have procedures in place to manage these risks that we will review and strengthen where needed. Our long-term power purchase agreements, typically lasting for 20 years or more, help to protect our business from market-related transitional risks.

In 2022, we updated the CROA to incorporate the Intergovernmental Panel on Climate Change's latest shared socio-economic pathways scenarios and the International Energy Agency's world energy outlook forecasts. We will reassess our full portfolio and pipeline using the updated tool in 2023.

In addition to undertaking a CROA as standard on any new development opportunity, we continue to apply our gas power screening tool, co-developed with BII, to any potential gas power project development to ensure that they are aligned with the host country's Nationally Determined Contributions under the Paris Agreement and represent the best low-carbon solution for the delivery of affordable and reliable electricity in each context.

In 2022 we developed our first internal TCFD-aligned report in preparation for publication externally in early-2024. In this report, we will disclose material climate-related risks and opportunities, how we manage these risks, and their financial impacts.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at 31st December each year. The financial statements of Group entities included in the consolidated financial statements are prepared for the same reporting year as the parent company. Consistent accounting policies are applied, with adjustments being made to bring into line any dissimilar accounting policies.

a) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the

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Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

c) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as defined by IFRS 3 "Business Combinations". The cost of an acquisition is measured as the aggregate of consideration transferred, measured at acquisition fair value and the amount of any non-controlling interest in the acquiree. The choice of measurement of non-controlling interest, either at fair value or at the proportionate share of the acquiree's identifiable net assets is determined on a transaction-by-transaction basis. Acquisition costs incurred are expensed and included in administrative costs.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in profit or loss.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group is eligible for, and therefore applies, the practical expedient available in IFRS 15 and has not disclosed information related to the transaction price allocated to the remaining performance obligations. The right to receive consideration from a customer is at an amount that corresponds directly with the value to the customer of the Group's performance completed to date.

(a) Revenue from Power Generation and Capacity Provision

The Group provides electrical capacity as well as generates and sells electricity to its customers. Revenue from the provision of electrical capacity and sale of the energy, including any transportation revenue, is recognised in the period when the capacity and energy is delivered to its customers. The revenues from the generation business are recognised over time and recorded based upon output delivered and capacity provided at rates as specified under contract terms.

(b) Revenue under Concession Arrangements

For the capacity revenue under the concession agreements the Group developed and maintains financial assets amortisation models which are used to calculate the amount of revenue to be recognized. The main model inputs are the projection for the cash flows from the capacity sales and operating and maintenance expenditures together with the

effective interest rate determined at the contract inception. Provision of the capacity is considered to be a single performance obligation satisfied over time.

Income Tax

Income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity. In this case the tax is also recognised in equity.

Income tax assets and liabilities are the expected tax payable or receivable on the taxable income for the year based on tax rates and laws that are enacted or substantively enacted by the balance sheet date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Foreign Currency Translation

(a) Transactions and Balances

Foreign currency transactions are translated into the functional currency of the underlying reporting entity using the exchange rate prevailing at the dates of the transactions or valuation measurement.

Foreign exchange gains and losses are presented in the income statement within finance income or expense. Foreign exchange gains and losses from the hedge accounted derivative instruments are recognised through OCI.

(b) Subsidiaries

The results and financial position of all subsidiaries (none of which operate in a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate applicable on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, Plant and Equipment

Property, plant and equipment is comprised of tangible assets expected to be used during more than one financial period by the Group. Property includes land and buildings which

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comprise mainly power station structures and related offices. Plant and equipment include major plant items, critical spares, vehicles, IT equipment, and fixtures and fittings.

Land is shown at historical cost and is not depreciated. All other buildings, property, plant and equipment are shown at historical cost less accumulated depreciation and where applicable accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of these items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

The cost of improvements to leasehold property are capitalised and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Property, plant and equipment in use by the Group is depreciated on a straight-line or running hours (for gas turbine) basis to allocate the difference between the cost and estimated residual value over the estimated useful lives of those assets. Depreciation starts when an asset is available for use.

The following useful lives apply (shown on an average basis) across the Group:

Buildings:	Up to 20 years
Plant and Equipment:	
Power Generating Assets	Up to 20 years (life of project), or running hours (for gas turbines) up to 4 years
Capitalised Decommissioning Cost:	Life of the related PPA
Other plant and Equipment:	Up to 10 years
Major Overhaul Parts in Power Plants:	Up to 7 years

Residual values and useful life of assets are reviewed and adjusted if appropriate at each balance sheet date.

Project Development Assets

Project related costs are capitalised as an asset if they satisfy relevant criteria. In general, the two criteria which must be met are (i) the project for which the expenditures have been made is in a very advanced stage of development and / or construction as of the financial reporting date; and (ii) the expenditures are directly attributable to the project.

Costs incurred in and directly attributable to the development of greenfield projects controlled by the Group are initially expensed until Board project approval and funding is in place generally at "financial close". From this date to commercial operations date certain expenses are capitalised as work in progress. At commercial operations date such capitalised costs are reclassified from work in progress to plant and machinery. These assets are carried at the amount initially recognised less any accumulated depreciation. Depreciation is calculated using the straight-line method over the useful life, which does not exceed the life of the PPA or applicable contractual terms governing each project.

Leases Where the Group is a Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Intangible Assets

(a) Acquired as Part of a Business Combination

Intangible assets acquired as part of a business combination are recognised outside of goodwill if the assets are separable or arise from contractual or other legal rights and fair value can be measured reliably. Following initial recognition, intangible assets are carried at the amount initially recognised less any accumulated amortisation for finite life intangibles and any accumulated impairment losses. Amortisation is calculated using the straight-line method over the useful life, which does not exceed the life of the PPA or applicable contractual arrangements governing each project.

(b) Software

Computer software that is not integral to the functionality of the related hardware is recognised as an intangible asset on the balance sheet. Software assets which are integral to the operation of the related hardware are classified as computer equipment within property, plant and equipment.

The initial cost of purchased software is the value of the consideration given to acquire the item and of other directly attributable costs incurred in bringing the software to working condition necessary for the intended use. Other directly attributable costs include those incurred in the design and testing of identifiable and unique software products controlled by the Group, related employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet the criteria for recognition are recognised as an expense as incurred. Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

Computer software costs recognised as assets are amortised over estimated useful life, not exceeding three years.

Impairment of Non-Financial Assets

The carrying amount of the Group's assets is reviewed at each balance date to determine whether there are any indicators of impairment present. An analysis is then conducted to determine whether an actual impairment exists. Where assets are determined to be impaired, the impairment loss is the amount that the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows the recoverable amount is determined for the cash-generating units being power plants owned by the Group.

The cash flows are derived from the financial models built as part of the original investment decision making process and aligned with the budget for the next three years. The cash flows do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cashflow models as well as the expected electricity generation.

Impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the income statement.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand held at banks and short-term deposits with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Derivative Instruments

The Group has elected to apply hedge accounting in accordance with IFRS 9.

The Group enters into derivative financial instruments to manage its risks associated with interest rates by using interest rate swaps, and manages its risks associated with foreign exchange using foreign exchange forward contracts or options.

All interest rate swap derivative transactions are undertaken, or maintained, to provide a commercial hedge of the interest rate risks associated with the Group's underlying business activities and the financing of those activities. Interest rate exposure arises from the variability in future interest payments on assets and liabilities which bear interest at variable rates.

Interest rate swaps are maintained, and designated as hedge accounted cash flow hedges, where they qualify, to manage this exposure. Derivatives are carried in the balance sheet at their fair value.

Fair value changes on designated cash flow hedges are initially recognised directly in the cash flow hedge reserve, as gains or losses recognised in equity. Amounts are transferred from equity and recognised in the income statement as the income or expense is recognised on the hedged asset or liability.

To qualify for hedge accounting the hedge relationship must be designated and documented at inception. Documentation must include the Company's risk management objective and strategy for undertaking the hedge and formal allocation to the item or transaction being hedged. The Company also documents how it will assess the effectiveness of the hedge and carries out assessments on a regular basis to determine whether it has been, and is likely to continue to be, highly effective.

The gains and losses on ineffective portions of such derivatives are recognised immediately in re-measurements within the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement or on the balance sheet. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to re-measurements within the income statement.

Financial Instruments

IFRS 9 provides a single classification and measurement approach for financial instruments that reflects the business model in which they are managed and their cash flow characteristics. The Group's financial assets and liabilities are classified as measured at amortised cost, except derivative contracts discussed above.

Financial instruments are initially recognised at fair value, adjusted for transaction costs, where applicable.

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Impairments of financial assets classified as measured at amortised cost are recognised on an expected loss basis which incorporates forward-looking information when assessing credit risk. Movements in the expected credit loss provision are recognised in the Consolidated Income Statement.

Credit adjustments on trade receivables, accrued income and IFRIC 12 financial assets are calculated by multiplying the probability of default by the likely loss should a default occur. Sovereign Credit Default Swap ("CDS") rates have been used as a proxy for probability of default, given the Group's contracts to sell electricity are guaranteed by the governments of the jurisdictions where the power stations are located. The quantum of the probable loss in an event of default is considered to be 100% unless there is a guarantee in place triggered by the event of default.

Trade and other receivable amounts are written off when the probability of recovery is assessed as being remote. When a trade receivable is uncollectable it is written off against the provision. Subsequent recoveries of amounts previously written off are recognised in the consolidated income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses incurred in bringing each item to its present location and condition and is written off to the income statement as follows:

Raw Materials:	Weighted average method.
Spare Parts:	Specific identification method.

New and Amended Standards and Interpretations

Amendments to IFRS 3 – Reference to the Conceptual Framework

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 must be applied prospectively.

IAS 16 Property, Plant and Equipment: Proceeds Before Intended Use

An amendment to IAS 16 "Proceeds before intended use" became effective for the Group from 1 January 2022. The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling these items, and the associated costs will be recognised in the income statement.

Historically, the Group recognised pre-commissioning proceeds as an income. The Group's engineering, procurement and construction contracts normally did not allocate a specific portion of the total construction price on testing as defined by IAS 16.17 (e). Consequently, there were no capitalised costs within WIP balance which the proceeds could be deducted from.

Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

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Annual Improvements – 2018–2020 Cycle

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.

The adoption of the amendments had no impact on the Group's income statement and financial position.

Standards Issued but not yet Effective and Not Early Adopted.

Standards not yet effective for the financial statements for the year ended 31 st December 2022	Effective for annual periods beginning on or after
IFRS 17 "Insurance Contracts"	1 January 2023*
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023*
Amendments to IAS 8: Definition of Accounting Estimates	1 January 2023*
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023*
Amendments to IAS 1: Classification of Liabilities as Current and Non-Current Liabilities	1 January 2024*
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024*

* Subject to UK endorsement

The Group expects that the adoption of the amendments and the standards listed above will not have a significant impact on the Group's results of operations and financial position in the period of initial application.

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3 OPERATING REVENUE AND OTHER INCOME

\$'000	2022	2021
3a. Operating revenue		
Power generation	372,634	387,355
Concession revenue (1)	136,452	145,486
Total operating revenue	509,086	532,841

- (1) Income relating to the concession arrangement at Azito, Dibamba and Kribi (refer to note 16), \$ 57.4m of which relates to interest income on the financial asset balance at the effective interest rate (2021: \$ 56.5m).

\$'000	2022	2021
3b. Other income		
Gas transportation income (1)	7,379	11,757
Other operating income (2)	54,461	17,483
Total other income	61,840	29,240

- (1) \$ 1.6m (2021: \$ 1.1m) from Songas and \$ 5.7m (2021: \$ 10.6m) from Kribi and Dibamba in relation to transmission network fees from Sonatrel charged to the plants and recovered as pass-through income to the offtaker ENEO.
- (2) \$ 25.6m (2021: \$ 13.9m) received in relation to liquidated damages for construction projects, \$15.8m insurance proceeds for machinery breakdown and business interruption after turbine incidents in Azito (2021: Nil), \$ 2.5m (2021: \$ 2.3m) in foreign exchange losses billed back to the offtaker and \$ 5.8m income from an operating component of the transmission line leased to ENEO in Kribi.

4 EXPENDITURE

\$'000	2022	2021
4a. Administrative expenses		
Salaries and wages (1)	(22,823)	(28,769)
Social security costs	(2,941)	(2,223)
Post-employment benefits	(970)	(1,032)
Other staff related expenses	(1,569)	(2,070)
Travel and related costs	(2,115)	(1,501)
Consultant and development expenses (2)	(22,849)	(37,677)
Communication costs	(2,598)	(1,681)
Auditor remuneration	(1,200)	(1,119)
Office premises expenses	(857)	(756)
Other administrative expenses	(3,026)	(2,855)
Total administrative expenditure	(60,948)	(79,683)

- (1) Further employee benefits totalling \$ 29.6m (2021: \$ 28.8m) are included within operating and maintenance expenditure in the consolidated income statement.
- (2) Decrease predominately due to lower project spend. 2021 included Temane (\$ 18.1m) and Cuamba projects (\$ 1.6m), as part of reaching financial close.

\$'000	2022	2021
4b. Other (losses) / gains		
(Loss)/ gain on disposal of property, plant and equipment	(1,847)	2,448
Impairment charge on PP&E	-	(7,932)
Reversal/(Impairment) of investment in associates	-	917
Loss on write off of inventories	(1,594)	-
Movement in expected credit loss provision (1)	(19,423)	40,238
Movement in Cameroon tax provision	(1,793)	6,287
Impairment of goodwill and intangible assets (2)	(1,527)	(8,258)
Revaluation of contingent consideration	-	10,121
Total (losses) / gains	(26,184)	43,821

- (1) Refer to note 12.
- (2) Refer to note 9.

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5 DEPRECIATION AND AMORTISATION

\$'000	2022	2021
Depreciation expense		
Property, plant and equipment	(64,997)	(59,399)
Right of use assets	(2,952)	(3,113)
Total depreciation expense	(67,949)	(62,512)
Amortisation expense		
Intangible assets	(24,478)	(27,532)
Total amortisation expense	(24,478)	(27,532)
Total depreciation and amortisation expense	(92,427)	(90,044)

6 NET FINANCE EXPENSE

\$'000	2022	2021
Finance income		
Interest income	8,245	14,592
Finance income receivable under finance leases (1)	11,211	12,773
Total finance income	19,456	27,365
Finance expenses		
Interest payable on loans	(91,746)	(90,564)
Unwind of discounts on provisions (2)	(1,752)	(2,422)
Imputed interest on shareholder loans (3)	(2,125)	(4,022)
Net foreign exchange loss (4)	(7,991)	(8,358)
Gain/(loss) on fair value movement of derivative financial instruments	20,162	29,749
Finance charges payable under leases (5)	(1,832)	(2,004)
Total finance expense	(85,284)	(77,621)
Net finance expense	(65,828)	(50,256)

(1) Refer to note 11 for further details.

(2) Includes remeasurement of decommissioning provision. Refer to note 24.

(3) Refer to note 29 for further details.

(4) Includes \$ 4.9m net foreign exchange loss on a USD denominated loan in Boshof, a non-US functional currency subsidiary (2021: \$ 9.9m).

(5) Refer to note 20 for further details.

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7 TAXATION

Analysis of income tax expense for the year (\$'000)	2022	2021
<i>Current tax:</i>		
Current tax on profits for the year	70,834	76,157
Under provision for current tax for prior years (1)	14,083	(335)
Total current tax	84,917	75,822
<i>Deferred tax (note 21):</i>		
Origination and reversal of temporary differences	(12,078)	3,003
Impact due to tax rate change	780	1,227
Total deferred tax	(11,298)	4,230
Income tax expense for the year	73,619	80,052

Reconciliation between the income tax expense and the theoretical amount that would arise using the weighted average domestic tax rate applicable to profits of the Group:

Total profit before tax	126,359	176,080
Tax at domestic tax rate applicable to profits in the respective countries	29,320	44,480
Income not taxable	(4,004)	(6,084)
Expenses not deductible	11,847	10,282
Net under provision for prior years (1)	14,083	(335)
Unremitted overseas earnings of subsidiaries	(5,937)	42
Withholding tax on group dividends	8,487	12,186
Unrecognised tax losses	20,166	19,704
Permanent difference on Intangible Assets	(1,123)	(1,450)
Impact due to tax rate change	780	1,227
Income tax expense for the year	73,619	80,052

(1) \$ 13.3m from Songas in relation to the corporate tax assessment for 2018 – 2021.

Profits arising in the Company for the 2022 year of assessment are subject to UK tax at the standard corporation tax rate of 19%. No taxable profit was made by the Company in 2022, and given no taxation is expected in the foreseeable future, no deferred tax assets have been recognised on accumulated historic losses.

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8 PROPERTY, PLANT AND EQUIPMENT

	2022				2021			
\$'000	Land and buildings	Plant and equipment	Work in Progress	Total	Land and buildings	Plant and equipment	Work in Progress	Total
Cost, at 1st January	12,807	1,038,341	293,092	1,344,240	12,985	964,719	259,901	1,237,605
Additions (1)	97	11,593	239,313	251,003	319	31,523	96,307	128,149
Disposals (2)	-	(7,115)	-	(7,115)	-	(5,233)	-	(5,233)
Acquired with subsidiaries (3)	-	-	-	-	-	63,574	-	63,574
Transfer to assets held for sale (4)	-	-	-	-	(1,263)	(30,536)	(83)	(31,882)
Impact of foreign exchange	(259)	(33,638)	167	(33,730)	(468)	(49,035)	1,530	(47,973)
Transfer from WIP	-	10,204	(10,204)	-	1,234	63,329	(64,563)	-
Remeasurement of decommissioning provision	-	(2,793)	(104)	(2,897)	-	-	-	-
Cost, at 31st December	12,645	1,016,592	522,264	1,551,501	12,807	1,038,341	293,092	1,344,240
Accumulated depreciation and impairment, at 1st January	(7,454)	(446,351)	-	(453,805)	(6,622)	(406,752)	-	(413,374)
Depreciation charge for the year	(887)	(64,110)	-	(64,997)	(931)	(58,468)	-	(59,399)
Disposals	-	5,094	-	5,094	-	4,403	-	4,403
Transfer to assets held for sale (4)	-	-	-	-	47	1,736	-	1,783
Impact of foreign exchange	(101)	10,224	-	10,123	52	12,730	-	12,782
Write-off	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment, at 31st December	(8,442)	(495,143)	-	(503,585)	(7,454)	(446,351)	-	(453,805)
At 1st January								
Cost	12,807	1,038,341	293,092	1,344,240	12,985	964,719	259,901	1,237,605
Accumulated depreciation and impairment	(7,454)	(446,351)	-	(453,805)	(6,622)	(406,752)	-	(413,374)
Net carrying amount at 1st January	5,353	591,990	293,092	890,435	6,363	557,967	259,901	824,231
At 31st December								
Cost	12,645	1,016,592	522,264	1,551,501	12,807	1,038,341	293,092	1,344,240
Accumulated depreciation and impairment	(8,442)	(495,143)	-	(503,585)	(7,454)	(446,351)	-	(453,805)
Net carrying amount at 31st December	4,203	521,449	522,264	1,047,916	5,353	591,990	293,092	890,435

- (1) In the current year the \$ 239.3m work in progress (WIP) additions primarily relate to the Azito expansion project, Songas Gas, Temane gas, Menengai Geothermal, and Cuamba Solar. In prior year the \$ 96.3m WIP additions primarily relate to the Azito Phase 4 expansion project, Songas, Temane, Cuamba and Malindi projects. In 2022, plant and equipment additions of \$ 7.7m net additions relate primarily to Songas.
- (2) In 2022, \$ 5.9m (2021: \$ 5.2m) of disposals relate to disposal of engines at Songas during the year.
- (3) In 2021, the Group acquired ARC Renewable Energy Limited ("ARC") (see note 15). The net carrying amount of property plant and acquired was \$ 63.5m.
- (4) In 2021 transfer to assets held for sale relates to the impairment and reclassification of the property, plant and equipment of the GPSL disposal group. These assets were disposed during 2022.

Azito started the construction of a 253 MW gas fired plant in 2019. This project is expected to be completed in 2023. The carrying amount of the 253 MW combined cycle gas turbine project at 31st December 2022 was \$ 346.6m (2021: \$ 275.2m). The plant is financed 20% by equity from the shareholders and 80% debt from the development finance institutions.

Cuamba started the construction of a 19 MWp solar plant in 2021. This project is expected to be completed in 2023. The carrying amount of the solar plant at 31st December 2022 was \$ 19.2m (2021: \$ 5.2m). The plant is financed by 33% shareholder equity and 67% development finance institutions loans.

Temane started the construction of a 450 MW gas fired plant in 2021. This project is expected to be completed in 2024. The carrying amount of the plant at 31st December 2022 was \$ 145.8m (2021: \$ 54.1m). The plant is financed by 25% shareholder equity and 75% development finance loans.

The amount of borrowing costs capitalised during the year ended 31st December 2022 was \$ 13.9m (2021: \$ 10.2m) at Azito; \$ 9.0m (2021: Nil) at Temane; \$ 0.7m (2021: Nil) at Cuamba;

8 PROPERTY, PLANT AND EQUIPMENT (continued)

and Nil (2021: \$ 2.7m) at Malindi. The rates used to determine the amount of borrowing costs eligible for capitalisation was at Azito 6.21% (2021: 6.21%), Temane 7.41% (2021: 0.00%) and Cuamba 6.43% (2021: 0.00%), which is the average weighted cost of borrowing. The net carrying amount of property, plant and equipment is allocated by type as follows:

\$'000	2022	2021
Gas fired generation	576,090	367,786
Wind generation	99,293	115,265
Solar generation	367,809	402,826
Oil fired generation	3,342	3,503
Other	1,382	1,055
Net carrying amount	1,047,916	890,435

As discussed in note 2 and note 16, the power plants in Cameroon and Ivory Coast are accounted for as financial assets in accordance with IFRS 9. The \$ 420.5m financial asset (before ECL adjustments) representing gas fired generation in Azito and Kribi (2021: \$ 468.6m) and the \$ 41.5m financial asset (before ECL adjustments) representing oil fired generation in Dibamba (2021: \$ 46.9m) are recognised within non-current and current receivables.

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9 INTANGIBLE ASSETS

\$'000	2022			Goodwill	2021		
	PPA	Other intangible assets	Total		PPA	Other intangible assets	Total
Cost, at 1st January	438,787	37,402	476,189	6,559	502,733	39,177	548,469
Additions	1,527	145	1,672	-	-	215	215
Acquisition of a subsidiary (1)	-	-	-	-	2,265	-	2,265
Revaluation of contingent consideration (2)	-	-	-	-	(26,731)	-	(26,731)
Impairment	(1,527)	-	(1,527)	-	-	-	-
Disposal	-	(507)	(507)	-	-	-	-
Impact of foreign exchange (3)	(25,390)	(1,420)	(26,810)	-	(37,215)	(1,990)	(39,205)
Transfer to assets held for sale (4)	-	-	-	(6,559)	(2,265)	-	(8,824)
Cost, at 31st December	413,397	35,620	449,017		438,787	37,402	476,189
Amortisation, at 1st January	(115,569)	(18,488)	(134,057)		(103,408)	(13,836)	(117,244)
Amortisation charge for the year	(19,930)	(4,548)	(24,478)	-	(22,251)	(5,281)	(27,532)
Transfer to assets held for sale (4)	-	-	-	-	567	-	567
Disposal	-	507	507	-	-	-	-
Impact of foreign exchange (3)	6,878	502	7,380	-	9,523	629	10,152
Amortisation, at 31st December	(128,621)	(22,027)	(150,648)		(115,569)	(18,488)	(134,057)
Net carrying amount, at 31st December							
Cost	413,397	35,620	449,017	-	438,787	37,402	476,189
Accumulated amortisation	(128,621)	(22,027)	(150,648)		(115,569)	(18,488)	(134,057)
Net carrying amount at 31st December	284,776	13,593	298,369		323,218	18,914	342,132

- (1) In 2021, PPA related to the acquisition of ARC Renewable Energy Limited.
- (2) In 2021, the estimate for contingent consideration payable decreased by \$ 26.7m. It has been accounted for as a decrease to the corresponding intangible asset balance. The intangible asset represents the value of the PPA, land rights and other regulatory approvals held as result of the acquisition of the QIPP gas project in Nigeria. There is no change in estimate in 2022.
- (3) Primarily comprised of: (i) loss of \$ 16.2m (2021: loss of \$ 22.7m) relating to South African intangible assets denominated in South African Rand; and (ii) loss of \$ 10.4m (2021: loss of \$ 16.0m) relating to Dibamba and Kribi intangible assets denominated in Euros.
- (4) In 2021, transfer to assets held for sale relates to the impairment and reclassification of the PPA intangible of the GPSL disposal group.

10 DISPOSAL OF SUBSIDIARIES

Globeleq Power Solutions Limited

On 7th October 2021, the Board of Directors of Globeleq Limited, approved the exercise of its contractual right to unwind the original transaction and to return the control of GPSL to the former owner, Clean Energy Holdings Limited ("CEHL"). Globeleq Nigeria Limited (being a wholly owned subsidiary of the Company) had acquired a 74% stake in GPSL on 24th December 2020. At 31st December 2021, GPSL was classified as a disposal group held for sale. Following receipt of regulatory approval, on 8th December 2022 the Globeleq Power Solutions Limited shares were transferred from Globeleq to Clean Energy Holdings Limited.

The major classes of assets and liabilities of GPSL as at 7th December 2022 are, as follows:

\$'000	2022
Assets	
Property plant and equipment	19,290
Finance lease receivables	227
Inventory	431
Trade and other receivables	247
Cash and cash equivalents	1,466
Total assets	21,661
Liabilities	
Creditors	(3,740)
Interest-bearing liabilities – current portion	(1,562)
Interest-bearing liabilities – non-current portion	(20,788)
Finance lease payable	(5)
Total liabilities	(26,095)
Net liabilities	(4,434)
Less: Non-controlling interest	20
Less: Derecognition of Translation Reserves	(1,108)
Group's share of net liabilities disposed	(5,522)
Less disposal costs	(500)
Gain on disposal	5,087
Proceeds from disposal	65
Satisfied by	
Cash and cash equivalents	-
Deferred consideration	65
Total consideration transferred	65
Net cash outflow arising on disposal:	
Consideration received in cash and cash equivalents	-
Less: cash and cash equivalents disposed of	1,466
	(1,466)
The deferred consideration will be settled in cash by the purchaser in 2025.	

The fair value of total consideration amounting to \$ 0.07m is based on the management expectations of the net proceeds from the disposal. The \$ 0.07m is made up of the \$2m contingent consideration payable disclosed in Note 22 and \$ 2.07m long term receivable disclosed in note 12.

11 FINANCE LEASE RECEIVABLE

Finance Leases - Globeleq as Lessor

\$'000	2022	2021
Amounts receivable under finance leases:		
Year 1	11,829	12,552
Year 2	11,829	12,552
Year 3	11,829	12,552
Year 4	11,829	12,552
Year 5	11,829	12,552
Later than five years	61,395	78,452
Total receivable	120,540	141,212
Less unearned finance income	(79,583)	(95,990)
Present value of minimum lease payments receivable	40,957	45,222
Undiscounted lease payments analysed as:		
Recoverable within 12 months	11,829	12,552
Recoverable after 12 months	108,711	128,660
Total present value of minimum lease payments receivable	120,540	141,212
Net investment in the lease analysed as:		
Recoverable within 12 months	1,077	914
Recoverable after 12 months	39,880	44,308
Total present value of minimum lease payments receivable	40,957	45,222

The Group's finance lease arrangements do not include variable payments.

Finance lease receivables represent payments due from the Government of Cameroon under finance leases for electricity transmission lines constructed by the Group at Dibamba and Kribi.

The average effective interest rate implicit in the leases is 26.3% (2021: 26.3%).

The finance lease receivable balance is presented net of the expected credit loss allowance of \$ 1.0m (2021: Nil).

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12 TRADE AND OTHER RECEIVABLES

\$'000	2022	2021
Current		
Net trade receivables (1)	145,961	115,136
Prepayments and accrued income (2)	33,054	40,110
Other receivables (3)	82,264	82,836
Total current trade and other receivables	261,279	238,082
Non-current		
Net trade receivables (1)	103,644	34,672
Prepayments and accrued income (2)	40,222	57,089
Other receivables (4)	428,244	466,370
Total non-current trade and other receivables	572,110	558,131
Total trade and other receivables	833,389	796,213

- (1) The net trade receivables balance includes expected credit losses recognised under IFRS 9 of \$ 16.5m (2021: \$ 4.5m). The ECL balance primarily relates to expected credit losses on trade receivables at Songas \$ 0.9 m (2021: \$ 1.5m), Azito \$ 5.2m (2021: \$ 0.5m), Kribi \$ 8.9m (2021: \$ 1.3m) Dibamba \$ 1.3m (2021: \$0.5m) and Malindi \$ 0.2m (2021: Nil). The net trade receivables balance is after offsetting \$ 40.8m (2021: Nil) trade receivable from ENEO with payable to SNH (refer to note 26).

Non-current trade receivable balances relate to net trade receivables of \$ 5.3m at Songas (2021: \$ 14.6m), \$ 47m at Kribi (2021: \$ 13.9m), \$ 9.5m at Dibamba (2021: \$ 6.2m) and \$ 41.9m at Azito (2021: Nil) respectively, which are expected to be received greater than twelve months from the reporting date. The assumptions made are based on Management's best estimate considering current developments and agreed repayment plans.

- (2) Accrued income by subsidiaries includes material balances at Kribi \$ 10.6m (2021: \$ 36.4m), Dibamba \$ 4.2m (2021: \$ 7.7m), Songas \$ 13.3m (2021: \$ 6.9m) and Azito \$ 11.8m (2021: \$ 13.4m). These primarily relate to the December 2022 revenue not yet invoiced. The balances include expected credit losses of \$ 6.4m (2021: \$ 3.1m).

Accrued interest includes Azito \$ 15.3m (2021: \$ 15.9m) before deducting \$ 8.3m bad debt provision (2021: \$ 10.0m). Balances for Kribi \$ 27.3m (2021: \$ 21.9m) and Dibamba \$ 5.8m (2021: \$ 5.3m) have been fully provided for.

Prepayments included \$4.1m (2021: \$ 2.5m) in Azito paid to the expansion project construction contractor in advance; \$ 4.1m (2021: \$3.5m) in Kribi for the purchase of spare parts and \$ 7.7m (2021: \$ 7.9) in ARC Egypt for the transmission line.

- (3) The current portion of financial assets under IFRIC12 are Azito \$ 20.9m (2021: \$ 32.3m), Dibamba \$ 3.1m (2021: \$ 3.0m) and Kribi \$ 7.5m (2021: \$ 7.2m), refer to note 16. The 2022 balances for IFRIC 12 include expected credit losses of \$ 0.4m (2021: \$ 0.7m).

- (4) Includes mainly the financial assets under IFRIC12 recognised at Azito \$ 257.5m (2021: \$ 277.5m), Dibamba \$38.1m (2021: \$ 43.4m) and Kribi \$ 128.0m (2021: \$ 142.8m). The numbers are stated after applying expected credit losses of \$ 6.5m (2021: \$ 8.7m) which were primarily recognised at Azito, Kribi and Dibamba. Also, \$ 2.0m receivable was recognised as part of the disposal of GPSL (refer to note 10).

Trade receivables are generally non-interest bearing and are invoiced on thirty days' terms. However, as indicated on the trade receivables ageing analysis below \$ 152.0m (2021: \$ 74.1m) of the trade receivables are over thirty days.

12 TRADE AND OTHER RECEIVABLES (continued)

As at 31st December, the ageing analysis of net trade receivables (including non-current) after expected credit losses is as follows:

\$'000	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	60-90 days	90-365 days	>365 days
2022	249,605	44,864	52,716	50,515	31,619	60,461	9,430
2021	149,808	33,989	41,746	26,761	5,921	20,487	20,904

The significant debtors of the Group at the 2022-year end are:

- (i) \$ 11.6m (2021: \$ 19.7m): TANESCO in Tanzania. Revenue earned is under a long term PPA which also requires a liquidity facility to be provided by the Government of the United Republic of Tanzania. The facility is currently unfunded (refer to note 23). At 31st December 2022, Nil (2021: Nil) of this balance is past due by more than ninety days.
- (ii) \$ 80.0m (2021: \$ 33.5m): CI Energie in Côte d'Ivoire. Revenue earned is under a long term PPA. At 31st December 2022, \$ 24.0m (2021: Nil) of this balance is past due by more than ninety days.
- (iii) \$ 96.8m (2021: \$ 60.3m): ENEO in Cameroon, of which \$ 77.8m relates to Kribi (2021: \$ 43.5m) and \$ 19.0m (2021: \$ 16.8m) relates to Dibamba. Revenue earned is under one long term PPA and one tolling agreement. At 31st December 2022, \$ 13.8m (2021: \$ 41.4m) of this balance is past due by more than ninety days.

As at 31st December, the maturity profile of financial assets under IFRIC 12 before expected credit losses is as follows:

\$'000	2022	2021
Year 1	31,895	43,056
Year 2	36,594	32,519
Year 3	40,556	37,285
Year 4	35,662	41,322
Year 5	39,440	36,513
Later than five years	277,872	324,794
IFRIC 12 receivables	462,019	515,489

IFRIC 12 financial assets (net of expected credit losses) were recognised at Azito \$ 278.4m (2021: \$ 309.7m), Dibamba \$ 41.2m (2021: \$ 46.4m) and Kribi \$ 135.5m (2021: \$ 150.0m). Expected credit losses were \$ 6.9m (2021: \$ 9.4m) and were primarily recognised at Kribi and Dibamba.

Expected Credit Losses

The following two key elements are considered by the Group in calculating the credit adjustments on trade receivables and IFRIC 12 financial assets:

- Sovereign Credit Default Swap ("CDS") rates have been used as a proxy for probability of default, given the Group's contracts to sell electricity are guaranteed by the governments of the jurisdictions in which the power stations are located. In applying the rate to calculate ECL, consideration has been taken on the estimated or agreed repayment period for those receivables. In respect of Tanzania where no CDS rate is available, countries with quoted CDS rates which have the same credit ratings have been used.

12 TRADE AND OTHER RECEIVABLES (continued)

- In respect of the IFRIC 12 balances, Multilateral Investment Guarantee Agency ("MIGA") insurance cover for breach of contract has been considered for those applicable assets (Cote D'Ivoire and Cameroon) and applied to reduce the finance asset balance at risk, thereby reducing the overall ECL provision.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables.

\$'000	2022	2021
Balance as at 1st January	(53,446)	(98,292)
Net remeasurement of loss allowance	(19,250)	40,238
Foreign exchange gains/ (losses)	1,605	4,608
Balance as at 31st December	(71,091)	(53,446)

The impact on the Group's profit before tax due to a possible change in CDS rates and discount rates on trade receivables and financial assets recognised under IFRIC 12 at the reporting date is demonstrated in the table below:

Movement in CDS rates (\$'000)	100 basis points increase	100 basis points decrease
At 31st December 2022	(108)	108
At 31 st December 2021	(131)	131

Movement in discount rates (1) (\$'000)	100 basis points increase	100 basis points decrease
At 31st December 2022	(189)	189
At 31 st December 2021	(33)	33

- (1) Where the recovery of the past due receivables is expected beyond twelve months after the reporting date, the Group assessed the impact of a reasonably possible change to the timing of receipt by modelling the time value of money impact with reference to SOFR rate.

13 INVENTORIES

\$'000	2022	2021
Spare Parts	72,425	54,885
Fuel and Lubricants	2,286	2,840
Inventories	74,711	57,725

Spare parts inventories represent consumable spares held at the lower of cost or net realisable value.

14 CASH AND CASH EQUIVALENTS

\$'000	2022	2021
Cash at bank and in hand	411,540	569,805
Short term deposits receivable within 90 days	526	980
Cash and cash equivalents	412,066	570,785

The fair value of cash and cash equivalents is \$ 412.1m (2021: \$ 570.8m). Cash and cash equivalents earn interest at a commercial floating rate on daily deposit rates. Short term deposits are made for periods of up to ninety days, depending on the immediate requirements of the Group. The total cash and cash equivalents balance includes \$ 157.2m (2021: \$ 237.5m) of cash which is held in specified accounts under the terms of certain project finance agreements to fund maintenance and debt service reserves requirements. It is the Group's judgement that these amounts form part of cash and cash equivalents because: (i) they are considered an integral part of the group's cash management; and (ii) they are held to meet short term day-to-day operational (maintenance) and financing (debt service) requirements.

The reduced balance is largely seen in Cameroon with distributions to the non-controlling interest and prepayment of lender debt, coupled with poor payment performance from ENEO. Lower construction balances were also held in Mozambique.

15 ACQUISITIONS

2021

ARC for Renewable Energy Limited Acquisition

On 2nd August 2021, the Group completed the acquisition of 75% of the voting share capital of ARC Renewable Energy Limited, which owns a 66MW solar PV plant located in Benban, Egypt, with the remaining 25% acquired on 5th November 2021. The plant achieved commercial operation on 4th November 2019 and provides clean electricity to the Egyptian Electricity and Transmission Company ("EETC") under a 25-year power purchase agreement.

The acquisition was determined to be a business combination as defined in IFRS 3. The following table provides summary information on the net assets acquired and the purchase consideration related to the transaction at the acquisition date:

\$'000	Fair value recognised on acquisition
Assets	
Property, plant and equipment	63,488
Intangible assets (power purchase agreement)	2,265
Prepayments	8,044
Trade and other receivables	2,385
Tax receivables	136
Cash and cash equivalents	8,700
	85,018
Liabilities	
Loans and borrowings	(55,386)
Derivative financial instrument	(4,980)
Deferred tax liabilities	(4,203)
Trade and other payables	(3,673)
	(68,242)
Total identifiable assets acquired, and liabilities assumed	16,776
Satisfied by:	
Cash	15,402
Fair value of deferred consideration	1,374
Net cash outflow arising on acquisition:	
Cash consideration	15,402
Less: cash and cash equivalent balances acquired	(8,700)
	6,702

No goodwill was recognised as part of the acquisition. The acquisition was strategic from the Group's perspective and the Group did not pay for any buyer-specific synergies as part of the purchase consideration. The purchase consideration is based on the current useful life of the solar plant and does not include any re-powering assumptions.

Part of the consideration for the acquisition is deferred. The first cash payment was made in 2022. The second cash payment will be settled after the second anniversary of the acquisition. There are no conditions attached to the settlement of this deferred consideration. Deferred consideration payable of \$ 1.3m is included in trade and other payables on the consolidated balance sheet.

15 ACQUISITIONS (continued)

The Group recognised the value ascribed to the acquired power purchase agreement as a separate intangible asset.

The prepayments represent the amount paid upfront for the use of a transmission line that connects the solar plant to the grid.

The fair value of the acquired trade and other receivables was determined to be \$ 2.3m.

ARC for Renewable Energy SAE contributed revenues of \$ 4.2m and net loss of \$ 1.3m to the Group for the period from 2nd August to 31st December 2021. If the acquisition had occurred on 1st January 2021, consolidated revenue and profit for the year ended 31st December 2021 would have been \$ 11m and \$ 0.5m, respectively.

Acquisition-related costs amounted to \$ 0.4m in 2021, and they are included in operating and maintenance expenditures in the statement of profit or loss and in operating cash flows in the statement of cash flows.

16 SERVICE CONCESSION ARRANGEMENTS (IFRIC 12)

Azito

The activities of Azito are accounted for by the Group as a Service Concession Arrangement under IFRIC 12. A lease and assignment agreement exists between Azito and the State of Ivory Coast (the 'State') whereby the State as grantor, regulates what service Azito as operator, must provide with the power generation facilities, to whom and at what price. In addition, legal title to the plant will transfer to the State upon expiry of the agreement. The State has appointed CI Energie to administer the arrangement.

Azito, having undertaken the construction of the project, also undertakes to operate and maintain the power plant. At the end of the concession agreement, title to the assets is required to be delivered to the State in good working order after taking account of the normal use of the equipment and following an adequate maintenance programme recommended by manufacturers and in compliance with industry standards.

Deferred contract revenue payments are recognised as a financial asset within other receivables for the service concession arrangements.

Dibamba and Kribi

Offtake arrangements at Dibamba and Kribi are governed by twenty-year arm's length tolling and PPAs respectively with ENEO, the sole offtaker of electricity produced by both entities. The projects are structured as build, own, operate and transfer projects.

For both Dibamba and Kribi, similar to Azito, the grantor regulates what services Dibamba and Kribi (as operator) must provide with the power generation facilities. The arrangements are backed by a Government of Cameroon Support Agreement, and under certain events there is a contractual guarantee which applies to yield an 18% return to the equity investor. The Government of Cameroon controls through ownership and beneficial entitlement any significant residual interest in the power generation facilities upon expiry of the agreement.

Dibamba and Kribi, having undertaken the construction of the project, also undertake to operate and maintain the power plant. At the end of the Dibamba tolling agreement in May 2031 and the Kribi PPA in April 2033, title to the assets is required to be delivered to the State in good working order after taking account of the normal use of the equipment and following an adequate maintenance programme recommended by manufacturers and in compliance with industry standards.

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17 EQUITY

49,909,098 \$1 ordinary shares are in issue at par value and fully paid. The sole shareholder is Globeleq Limited. The amount of authorised ordinary shares of \$1 is unlimited (2021: unlimited).

18 DEFERRED INCOME

\$'000	2022	2021
At 1st January	14,256	19,779
Additions	4,456	-
Credit for the year to the income statement	(5,523)	(5,523)
At 31st December	13,189	14,256
Non-current deferred income	7,533	8,733
Current deferred income	5,656	5,523
Total deferred income	13,189	14,256

Deferred income principally represents prepayments received for future capacity charges related to Songas, released to the income statement over the life of Songas' PPA, which expires in 2024. Cuamba received payments in the form of grants to support project capital costs, which are included in additions, and are released to the income statement over the life of Cuamba's PPA, which expires in 2048.

19 LOANS AND BORROWINGS

The Group satisfied all obligations under the terms of all loans and borrowings during the year with exception of Kribi which remained in breach of lending covenants and was therefore in default. As a result, the related Kribi loans remain disclosed in current liabilities at 31st December 2022 as they were at 31st December 2021. The default remains due to late payment of invoices by the offtaker since 2016. At the date of the approval of these financial statements, Kribi have made full repayment of all external third-party loans and borrowings. Dibamba third-party loans and borrowings were repaid in full in 2022.

Details of interest-bearing loans and borrowings are as follows:

Unsecured loans and borrowings				2022		2021	
\$'000	Provider	Interest Rate	Maturity Date	Current	Non-current	Current	Non-current
Songas	Gov of Tanzania	6% - 7.1% Fixed	Jan-22	7,666	-	7,666	-
Total unsecured loans and borrowings				7,666	-	7,666	-

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18 LOANS AND BORROWINGS (continued)

Secured loans and borrowings				2022		2021	
\$'000	Provider	Interest Rate	Maturity Date	Current (2)	Non-current	Current	Non-current
Kribi (1)	AfDB, BDEAC, EIB, IFC, FMO, PROP, Local, Rep of Cam	Eurobor 3.5%-4.5%, TIAO 2%-4.5%, 8% Fixed.	Nov-25, Sep-32	58,887	56,727	67,696	56,571
Dibamba	AfDB, FMO, IFC	7.38% Fixed.	Jun-23	-	-	9,299	-
Azito Energie	FMO, DEG, IFC, EAIF, BIO, PROP, BOAD, OFID, BAD	Libor +4%-4.75%, Eurobor +4.25%, 6.5%-10.25% Fixed	Feb-28, Dec-34	40,359	408,200	23,824	422,630
Jeffreys Bay	ABSA, Liberty, MMI, Future Growth, Sanlam	Jibar + 3%	May-29	8,586	139,471	8,759	157,827
De Aar	ABSA, Liberty, MMI, Future Growth, Sanlam	Jibar + 3%	Apr-29	4,401	68,664	4,226	77,754
Droogfontein	ABSA, Liberty, MMI, Future Growth, Sanlam	Jibar + 3%	Apr-29	4,241	66,819	4,061	75,600
SA holding co	Standard, ABSA, Depfin investments	86% of SA Prime	Dec-26	-	71,670	-	82,849
Aries	Nedbank, IDC	Jibar + 2.4%, 11.5% Fixed	Dec-28	1,005	7,306	948	8,876
Boshof	OPIC	Libor + 2%	Sep-31	12,941	122,860	11,315	135,801
Klipheuwel	Standard, IDC	3 Month Jibar%	Dec-28	2,130	16,285	2,528	19,656
Konkoonsies	Nedbank, IDC	Jibar + 2.4%, 11.5% Fixed	Dec-28	999	7,264	943	8,825
Soutpan	Standard	Jibar + 3.9%, 11.6% Fixed	Mar-31	5,615	36,597	5,342	43,860
Malindi	BII, DEG, AEDC	5% Fixed	May-35	4,930	39,716	4,905	44,483
ARC	IFC, BII, AIEB	Libor +4%-8%	Jan-36	3,602	46,783	3,527	50,386
Cuamba	EAIF	5.35% Fixed	Nov-40	411	11,556	-	3,500
Temane	IFC, DFC, OPEC	Libor +4.75%-5.25%, 7% Fixed	Nov-39	-	147,848	-	84,900
Total secured loans and borrowings				148,107	1,247,766	147,373	1,273,518

- (1) Kribi maturity date is contractual. As a result of the loans being in default from late payment of invoices from the offtaker, the loans are repayable on demand and shown as current.
(2) Current totals reflect the current portion of long-term borrowings.

All secured loans and borrowings are non-recourse to the Group and are subject to standard non-recourse project finance terms, secured on the total assets of the subsidiary to which they relate.

Total loans and borrowings		2022		2021	
\$'000		Current	Non-current	Current	Non-current
Unsecured loans and borrowings	-	7,666	-	7,666	-
Secured loans and borrowings		148,107	1,247,766	147,373	1,273,518
Total loans and borrowings		155,773	1,247,766	155,039	1,273,518

At 31st December 2022 the loan facilities available to the Group were:

Loan Facilities			2022		2021	
\$'000	Purpose	Counterparty	Total facility	Amount drawn	Total facility	Amount drawn
Globeleq Africa Holdings Ltd	Working capital	Standard Bank	30,000	-	20,000	-

The Group also had \$ 30.7m (2021: \$ 23.6m) of bonds in issue under a Barclays \$ 75.0m (2021: \$ 50.0m) facility, to cover new projects and head office rental.

20 LEASES

The Group has lease contracts for various items of plant, machinery, vehicles, land and other equipment used in its operations. Leases of land generally have lease terms of at least fifteen years, while leases of plant and machinery generally have lease terms between three and fifteen years; motor vehicles and other equipment generally between three and five years and leases of office and residential buildings between three and five years. Generally, the Group is restricted from assigning and subleasing the leased assets. The Group does not have lease contracts that include extension and termination options. However, the Group has lease contracts that have variable lease payments linked to revenue, which are further discussed below.

The Group also has certain leases of motor vehicles and residential buildings with lease terms of twelve months or less and leases of office equipment with low value. The Group applies the 'short term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Lease Liabilities – Globeleq as Lessee

\$'000	2022	2021
Maturity Analysis		
Year 1	4,010	4,390
Year 2	3,715	4,258
Year 3	3,336	3,950
Year 4	2,763	3,571
Year 5	2,581	2,935
Onwards	14,444	18,192
Total minimum lease payments	30,849	37,296
Less: Unearned Interest	(8,278)	(10,747)
Lease liabilities	22,571	26,549
Analysed as:		
Non-current	20,248	23,881
Current	2,323	2,668
	22,571	26,549

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Right of use Assets

Cost (\$'000)	Land and Buildings	Plant	Vehicles	Total
At 1 st January 2022	12,093	25,255	508	37,856
Additions	-	-	-	-
Adjustments	-	-	-	-
Disposals	-	-	-	-
Exchange differences	(414)	(1,391)	(31)	(1,836)
Total	11,679	23,864	477	36,020

Accumulated depreciation (\$'000)	Land and Buildings	Plant	Vehicles	Total
At 1 st January 2022	4,032	11,149	490	15,671
Charge for the year	1,389	1,536	27	2,952
Disposals	-	-	-	-
Exchange differences	(492)	(815)	(40)	(1,347)
Total	4,929	11,870	477	17,276

Carrying amount (\$'000)	Land and Buildings	Plant	Vehicles	Total
At 1 st January 2022	8,061	14,106	18	22,185
At 31 st December 2022	6,750	11,994	-	18,744

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20 LEASES (continued)

The Group leases assets including buildings, plant and equipment, and motor vehicles. The average remaining lease term is nine years.

Amounts recognised in profit and loss (\$'000)	
Depreciation expense on right-of-use assets	2,952
Interest expense on lease liabilities	1,832
Expense relating to short-term leases	735
Expense relating to leases of low value assets	503
Expense relating to variable lease payments not included in the measurement of the lease liability	514
Total	6,536

Some of the leases for land in which the Group is the lessee contain variable lease payment terms that are linked to revenue. Variable payment terms are used to link rental payments to cash flows. The breakdown of lease payments for these leased assets for the year ended 31st December 2022 is as follows:

Carrying amount (\$'000)	Fixed payments	Variable payments	Total
Variable rent with minimum rent payment	190	89	279
Variable rent only	-	425	425
Total	190	514	704

A 5% increase in revenue would increase total lease payments by 0.7%.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored by the Group's treasury function.

Power Purchase Agreements Classified as Operating Leases

The power purchase agreement for the Group's power generating operation in Tanzania is a non-cancellable lease with a remaining term of eighteen months till July 2024 and have been recognised as an operating lease in accordance with IFRS 16 'Leases'.

Future minimum rentals receivable under the non-cancellable operating lease as at 31st December are:

(\$'000)	2022	2021
Year 1	30,705	29,672
Year 2	17,954	30,525
Year 3	-	28,200
Total	48,659	88,397

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21 DEFERRED TAX

The deferred tax position is reflected in the consolidated balance sheet position as follows:

\$'000	2022	2021
Deferred tax assets	37,439	38,879
Deferred tax liabilities	(229,752)	(228,917)
Net deferred tax liability	(192,313)	(190,038)

The net deferred tax position relates to the following:

\$'000	2022 Deferred tax asset/(liability)	2021 Deferred tax asset/(liability)
Losses	36,813	34,690
Other assets (1)	110,893	92,215
Total assets	147,706	126,905
Property, plant and equipment	(136,046)	(138,617)
Unremitted overseas profits of subsidiaries	(44,022)	(53,658)
Other liabilities	(159,951)	(124,668)
Total liabilities	(340,019)	(316,943)
Net deferred tax liabilities	(192,313)	(190,038)

(1) Primarily relates to provisions at Azito, Boshof and Kribi.

Movement in temporary differences during the year:

\$'000	Accelerated tax depreciation	Tax losses	Other assets	Unremitted overseas profits	Other liabilities	Total
At 1st January 2022	(138,617)	34,690	92,215	(53,658)	(124,668)	(190,038)
(Charged)/credited to the income statement	(787)	3,485	18,786	5,937	(16,122)	11,299
Deferred tax on a cash flow hedge fair value movement recognised through equity (1)	-	-	-	-	(22,371)	(22,371)
Exchange differences on translation	3,358	(1,362)	(108)	3,699	3,210	8,797
At 31st December 2022	(136,046)	36,813	110,893	(44,022)	(159,951)	(192,313)
At 1st January 2021	(128,686)	32,078	51,791	(55,656)	(91,003)	(191,476)
(Charged)/credited to the income statement	(7,774)	3,734	34,475	(42)	(34,623)	(4,230)
Acquired through Business Combination	(6,552)	1,116	(25)	-	1,257	(4,204)
(Charged)/credited to OCI	-	-	-	-	(733)	(733)
Deferred tax on a cash flow hedge fair value movement recognised through equity (1)	-	-	1,950	-	(3,502)	(1,552)
Exchange differences on translation	4,395	(2,238)	4,024	2,040	3,936	12,157
At 31st December 2021	(138,617)	34,690	92,215	(53,658)	(124,668)	(190,038)

(1) \$ 20.8m increase (2021: \$ 5.0m increase) relates to the interest rate swaps held by Azito Energie S.A., De Aar, Droogfontein, Jeffreys Bay and Temane.

The Group has provisional gross tax losses of \$ 225.7m (2021: \$ 144.7m) which are available to offset against future taxable income. A deferred tax asset has not been recognised in respect of these losses.

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22 TRADE AND OTHER PAYABLES

\$'000	2022		2021	
	Current	Non-Current	Current	Non-Current
Trade payables (1)	87,862	-	120,876	-
Social security	8,250	-	5,399	-
Accruals (2)	89,065	-	69,774	-
Deferred and contingent consideration (3)	7,276	4,800	-	5,527
Other payables (4)	112,821	-	58,939	-
Total trade and other payables	305,274	4,800	254,988	5,527

- (1) 2022 includes \$ 27.1m (2021: \$ 74.4m) payable by Kribi and Dibamba, part of which is due to SNH in relation to fuel supply. In December 2022, the Group reached an agreement with ENEO and SNH allowing Kribi to offset \$ 40.8m of an arrears balance against its trade payables (refer to note 26).
- (2) 2022 includes \$ 10.3m (2021: \$ 14.3m) accruals for the construction of Azito Phase 4.
- (3) \$ 4.8m (2021: \$ 4.8m), \$ 0.8m (2021: \$ 0.8m), \$ 4.4m (2021: Nil) relate to deferred and contingent consideration payable on the QIPP, ARC and Menengai assets acquisitions, respectively. Also, \$ 2.0m contingent liability was recognised as part of the disposal of GPSL (refer to note 10).
- (4) 2022 includes VAT payable in Azito, Kribi, Dibamba, Globeleq Africa Holdings Limited and Globeleq Africa Limited of \$ 19.0m (2021: \$ 12.1), \$ 5.4m (2021: \$ 9.2m), \$ 4.2m (2021: \$ 5.9m), \$ 4.5m (2021: \$ 3.9m) and \$ 14.4m (2021: \$ 11.2m) respectively.

Trade payables are non-interest bearing and are usually settled on thirty-day terms; other payables are non-interest bearing.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS

Globeleq's principal financial assets (as defined in IAS 32) are comprised of cash, short term deposits, short term loans, trade receivables, service concession receivables, cross currency swaps and interest rate swaps. Financial liabilities comprise of trade and other payables, interest and non-interest-bearing loans and borrowings and interest rate swaps. The main purpose of these financial instruments is to raise finance for the Group's operations and investments. The benchmark rate for floating rate assets and liabilities is based on daily to six-month LIBOR and JIBAR rates. None of the Group's trade receivables or deferred income are interest bearing.

Capital Management

The Group defines capital as the total equity of the Group plus subordinated debt instruments supporting its investments in subsidiaries and associate. Globeleq's objective for managing capital is to target sustainable and appropriate risk adjusted commercial returns in support of its key objectives. The Group works towards international best practices in plant operations, business integrity, social responsibility, environment, and health and safety. Globeleq is not subject to any externally imposed capital requirements.

When selecting investments, the Group conducts appropriate levels of due diligence within established investment guideline procedures, including extensive review of all commercial and operational aspects of a target project, and detailed quantitative analysis. Investments are contractually structured to provide strong risk mitigation. The Group monitors performance by regularly measuring financial indicators such as rates of return and performance against predetermined forecast returns.

Operating Businesses

For operating businesses (subsidiaries and associates) the Group's strategy is to utilise non-recourse/limited recourse debt where appropriate to achieve a gearing ratio (net debt divided by total capital plus net debt) within a 60-80% range. This achieves the isolation of operational and financial risk at the operating business level and limits the exposure of the holding companies and the Group. In certain instances, the Group further protects equity

by obtaining insurances related to political risk, including breach of contract and/or expropriation as appropriate.

The third-party debt facilities utilised are highly structured and include financial covenants which must be satisfied in order to allow distributions. The covenants include gearing ratios appropriate for the type of investment and on commercially available terms, debt service coverage ratio, debt service reserve accounts and major maintenance reserves. The total debt outstanding for the Group at 31st December 2022 was \$ 1,403.5m (2021: \$ 1,428.9m).

The Group satisfied all obligations under the terms of all loans and borrowings during the year with exceptions at Kribi and Dibamba where the companies were in breach of lending covenants as a result of arrears from the offtaker and were therefore in technical default. All scheduled debt service payments at Kribi and Dibamba were made in 2022 and no debt payments were overdue. Dibamba repaid all the third-party loans in 2022. All third-party Kribi loans were disclosed in current loans and borrowings as at 31st December 2022 and 31st December 2021.

Group

At the Group level the intention is that a prudent level of debt is maintained to minimise the cost of capital and manage liquidity.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that the Group suffers financial loss due to changes in the value of an asset or liability or in the value of future cash flows due to movements in foreign exchange rates.

The Group monitors the valuation of the USD closely against other currencies held by the Group. If a significant currency risk arises in the future, the Group would consider using hedging instruments which are widely and readily available.

The Group's exposure to foreign currency risk relates in part to solar and wind plants in South Africa which have PPAs denominated in South African Rand. The tariff receivable under the PPAs is escalated by the South African inflation index annually, providing mitigation against depreciation of the Rand.

Boshof, whose functional currency is the South African Rand, has US dollar denominated debt facility extended by the U.S. International Development Finance Corporation ("DFC"). The outstanding loan as at 31st December 2022 is \$ 135.8m (2021: \$ 147.1m). Boshof entered into a cross-currency swap with the DFC in June 2013. The swap matures in 2031. The fair value of the cross-currency swap asset as at 31st December 2022 is \$ 58.5m (2021: \$ 71.8m).

The Group's exposure to foreign currency risk also relates to ARC as although ARC's functional currency is the USD, ARC receives revenue in Egyptian Pound ("EGP"). To protect ARC and the Group from the devaluation of EGP against the USD, 70% of the tolling fee paid to ARC is denominated in USD and paid in EGP at the prevailing market rate.

In addition, the Group's exposure to foreign currency risk relates to Temane and Cuamba in Mozambique which have PPAs denominated in Mozambique Metical ("MZN"). To protect Temane, Cuamba and the Group from the devaluation of MZN against the USD, 100% of the tolling fee paid to Temane and Cuamba is denominated in USD and paid in MZN at the prevailing market rate. Additionally, the Group has foreign currency protection for its equity investment in Temane from the MIGA insurance.

Temane and Cuamba, whose functional currency is the MZN, also have US dollar denominated debt facilities. The concession agreements contain foreign currency conversion protections which Temane and Cuamba can rely on to the extent they are unable to convert MZN to USD to service their debt, namely a USD termination payment plus equity compensation in case of an inconvertibility event.

A portion of the debt to fund the Azito expansion project has been taken out in Central Africa Francs ("CFA") which are pegged to the Euro. Another portion of the debt to fund the Azito Phase 4 expansion project has been taken out in Euro.

The debt in Kribi is split between CFAs and Euros. This entity receives CFAs under the PPA arrangements, and there is an agreed mechanism with the government to convert CFA to Euro in order for the entity to repay the Euro element of the debt.

Throughout the Group, intercompany lending occurs in currencies other than the functional currency of the entity providing or receiving the loan. Primarily the Group is exposed to Euro denominated loans held in USD functional currency entities. These transactions expose the Group to potential foreign currency gains and losses even though the principal value of the lending is eliminated upon consolidation.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Currency Exposures

Foreign currency risk arises when certain transactions are denominated in a currency that is not a subsidiary's functional currency. The table below shows the Group's currency exposures that give rise to exchange rate gains and losses that are recognised in the consolidated income statement. Such exposures comprise those monetary assets and liabilities of Group subsidiaries that are not denominated in their functional currency.

Functional Currencies (\$'000)	USD	Euro	CFA	Others	Total
	2022	2022	2022	2022	2022
USD	-	(221,260)	417,343	(66,135)	129,948
Euro	1,493	-	-	207	1,700
CFA	(31)	163,350	-	(15)	163,304
Other currencies (1)	(366,214)	100	-	(20)	(366,134)
Total	(364,752)	(57,810)	417,343	(65,963)	(71,182)
\$'000	2021	2021	2021	2021	2021
USD	-	(176,649)	446,554	(51,408)	218,497
Euro	1,580	-	-	220	1,800
CFA	(36)	174,854	-	1	174,819
Other currencies	(179,421)	(112)	-	(8)	(179,541)
Total	(177,877)	(1,907)	446,554	(51,195)	215,575

(1) Other currencies are mainly represented by South Africa Rand ("ZAR") and Mozambique Metical ("MZN").

There are no significant currency risks on cash balances held in Group subsidiaries. All Group subsidiaries apart from thirteen (2021: thirteen) held during the reporting period have a functional currency of USD, the same functional currency of their immediate parent entities, the exceptions being the eight (2021: eight) power projects in South Africa (ZAR), the two (2021: two) power projects in Cameroon (CFA), the two (2021: two) power projects in Mozambique (MZN) and one (2021: one) power project in Nigeria (Nigeria Naira).

Interest Rate Risk

Interest rate risk is the risk that the Group suffers financial loss due to changes in the value of an asset or liability or in the value of future cash flows due to movements in interest rates.

The Group's exposure to the risk of changes in market interest rate relates primarily to the Group's borrowings and short-term deposits with floating interest rates. To manage the Group's interest rate risk in relation to its borrowings (cash flow risk) it uses interest rate derivatives where necessary. When eligible these are designated as cash flow hedges. As at the 2022 year end the Group holds the following interest rate swaps to manage such risk:

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

Subsidiary	Swap Type	Currency	Counterparty	Effective Year	Maturity Year	Swap Rate	2022 \$'000 Notional Amount	2022 \$'000 Fair Value	2021 \$'000 Notional Amount	2021 \$'000 Fair Value
Jeffries Bay	IRS	ZAR	ABSA	12/11/2012	31/05/2029	8.0%	74,215	548	87,045	(5,469)
De Aar	IRS	ZAR	ABSA	12/11/2012	30/04/2029	7.9%	36,024	185	42,252	(2,739)
Droogfontein	IRS	ZAR	ABSA	12/11/2012	30/04/2029	7.9%	35,115	181	41,186	(2,670)
Azito	IRS	USD	IFC	07/03/2013	15/02/2028	2.6%	158,129	7,588	180,128	(8,964)
Aries	IRS	ZAR	Nedbank	16/11/2012	31/12/2025	9.0%	2,206	(52)	2,608	(228)
Klipheuwel	IRS	ZAR	Standard Bank	16/11/2012	31/12/2028	4.8%	5,615	(222)	7,125	(743)
Konkoonsies	IRS	ZAR	Nedbank	16/11/2012	31/12/2025	9.0%	2,178	(51)	2,574	(225)
Soutpan	IRS	ZAR	Standard Bank	31/01/2013	31/03/2024	8.1%	27,001	(194)	32,584	(1,915)
Boshof IRS	IRS	ZAR	DFC	30/09/2014	30/09/2031	13.0%	79,749	(296)	92,299	(7,390)
Boshof	CCIRS	USD/ZAR	DFC	30/09/2014	30/09/2031	Floating (USD & ZAR)	79,749	(2,537)	92,299	(16,723)
Azito	IRS	EUR	IFC	31/01/2021	15/08/2034	0.9%	179,134	22,833	166,564	(3,663)
ARC	IRS	USD	IFC	17/09/2018	15/07/2032	3.3%	35,206	1,227	37,537	(4,336)
Temane	IRS	USD	IFC	17/12/2021	30/11/2039	2.3%	69,042	22,918	133,034	(6,281)

With regards to the Group's interest rate risk on deposits, an additional 25 basis points decrease in all interest rates, with all other variables held constant, would adversely impact the Group's profit before tax by \$ 0.5m (2021: 18 basis points to impact by \$ 0.5m). The increased sensitivity is due to lower cash and cash equivalent balances held at year-end.

With regards to the Group's interest rate risk on interest bearing loans and borrowings, it would take an additional 5 basis points increase in all interest rates, with all other variables held constant, to adversely impact the Group's profit before tax by \$ 0.5m (2021: 5 basis points to impact by \$ 0.5m).

The amount of fixed and floating rate debt of the Group is as follows:

Interest rate exposures	Fixed rate	Floating rate	No interest	Total	Weighted average interest rate	Weighted average period to full maturity
	\$'000	\$'000	\$'000	\$'000	%	Years
2022 Financial assets: Cash and short-term deposits	122,901	79,566	209,599	412,066	1.6	0.0
2021 Financial assets: Cash and short-term deposits	143,411	220,357	207,017	570,785	1.3	0.0
2022 Financial assets: Trade and other receivables	-	-	774,036	774,036	0.0	0.0
2021 Financial assets: Trade and other receivables	-	-	743,936	743,936	0.0	0.0
2022 Financial assets: Finance lease receivable	40,957	-	-	40,957	26.26	10.3
2021 Financial assets: Finance lease receivable	45,222	-	-	45,222	26.26	11.3
2022 Financial liabilities: Trade and other payables	-	-	250,323	250,323	0.0	0.0
2021 Financial liabilities: Trade and other payables	-	-	249,461	249,461	0.0	0.0
2022 Financial liabilities: Obligations under finance lease	22,571	-	-	22,571	-	9.06
2021 Financial liabilities: Obligations under finance lease	26,549	-	-	26,549	6.91	10.06
2022 Financial liabilities: Interest bearing loans & borrowings	199,505	1,204,034	24,589	1,428,128	8.19	8.51
2021 Financial liabilities: Interest bearing loans & borrowings	186,397	1,242,160	35,476	1,464,033	4.7	8.8

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

The following table reflects the maturity profile of the financial assets and (liabilities) that are subject to interest rate risk:

2022	Interest bearing loans & borrowings	Cash and short-term deposits
Financial Assets / (Liabilities) carrying value: maturity profile (\$'000)		
Due on demand	(55,774)	-
Due within one year, but not on demand	(76,230)	79,566
Due within one to two years	(139,973)	-
Due within two to three years	(90,330)	-
Due within three to four years	(113,302)	-
Due within four to five years	(166,986)	-
Due after five years	(561,439)	-
Total	(1,204,034)	79,566

2021	Interest bearing loans & borrowings	Cash and short-term deposits
Financial Assets and (Liabilities) carrying value: maturity profile (\$'000)		
Due on demand	(67,222)	-
Due within one year, but not on demand	(57,116)	220,357
Due within one to two years	(85,164)	-
Due within two to three years	(86,161)	-
Due within three to four years	(114,702)	-
Due within four to five years	(176,170)	-
Due after five years	(655,626)	-
Total	(1,242,161)	220,357

Liquidity Risk

Liquidity risk is the risk that the Group will not have sufficient funds to meet its liabilities. The Group monitors its risk to shortage of funds through use of cash forecasts which identify the liquidity requirements of the Group; these are produced and reviewed regularly to ensure sufficient financial headroom exists for at least a twelve-month period. It actively manages and maintains its cash flows and obtains financial support from its shareholders should it be required.

To allow flexibility in management of short-term liquidity requirements the Group entered into a revolving credit facility of \$ 30m (2021: \$ 20m) with Standard Bank of South Africa Limited on 20 December 2022, expiring on 20 December 2025. Additionally, there is an open ended \$ 75m (2021: \$ 50m) letter of credit facility from Barclays Bank plc which was initially entered into on 23 March 2016 and increased most recently to \$ 75m on 2 September 2022. As at 31st December 2022 utilisation of the Standard Bank facility was \$ Nil (2021: \$ Nil) and utilisation of the Barclays facility was \$ 30.7m (2021: \$ 23.6m).

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

The following table shows projected cash outflows (including principal and interest) to service Group debt.

2022	Interest bearing loans & borrowings	Interest rate swaps	Cross Currency Interest rate swaps	Lease obligations	Trade and other payables
Financial Liabilities: maturity profile (\$'000)	(1)	(2)	(2)	(1)	
Due on demand	64,748	-	-	-	-
Due within one year, but not on demand	294,749	1,758	-	4,010	305,274
Due within one to two years	294,749	570	382	3,715	4,800
Due within two to three years	239,399	279	876	3,336	-
Due within three to four years	242,526	-	-	2,763	-
Due within four to five years	303,524	49	1,119	2,581	-
Due after five years	645,839	-	575	14,444	-
Total	2,085,534	2,656	2,952	30,849	310,074

2021	Interest bearing loans & borrowings	Interest rate swaps	Cross Currency Interest rate swaps	Lease obligations	Trade and other payables
Financial Liabilities: maturity profile (\$'000)	(1)	(2)	(2)	(1)	
Due on demand	116,748	-	-	-	-
Due within one year, but not on demand	189,430	17,948	3,827	4,390	254,988
Due within one to two years	210,436	10,479	3,251	4,258	4,800
Due within two to three years	235,037	6,083	2,487	3,950	727
Due within three to four years	258,083	3,217	-	3,571	-
Due within four to five years	308,731	3,395	3,831	2,935	-
Due after five years	1,057,679	4,864	3,327	18,192	-
Total	2,376,144	45,986	16,723	37,296	260,515

(1) These financial liabilities are non-recourse to the wider Group except for the Shareholder loan.

(2) The total interest rate and cross currency interest rate swap liabilities above are greater than the liabilities shown on the face of the balance sheet. This is because the interest rate swap asset on the balance sheet includes offset for a number of liabilities. In each instance a legal right of set-off exists as the assets and liabilities relate to the same derivative contract.

Credit Risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on their obligations under the contract. This includes any cash amounts owed to the Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-off exists.

The Group's primary exposure is to performance at its operating businesses:

- (1) Approximately 86% (2021: 85%) of Songas' reported revenue relates to transactions between Songas and TANESCO; 2% (2021: 8%) from Tanzania Portland Cement Company Limited ("TPCC") and 12% (2021: 7%) from Pan African Energy Tanzania Limited.

At 31st December 2022, TANESCO owed Songas a total of \$ 11.6m (2021: \$ 19.7m), of which \$ 2.1m (2021: \$ 12.5m) was overdue.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

\$ 90.7m (2021: \$ 100.1m) was received from TANESCO during the year. This has enabled Songas to continue to meet its debts as and when they fall due and maintain an adequate level of cash at the project level.

Taking into account the economic importance of the provision of electricity, the recent history of payments and the recovery of historical balances, Management considers there is adequate mitigation against credit risk.

- (2) Azito receives tariff payments under a Concession Agreement with the Ivorian State from CI Energie. The total due at 31st December 2022 was \$ 80.0m, a significant deterioration from \$ 33.5m due at the end of 2021.
- (3) Kribi earns revenue under a PPA with ENEO. ENEO is a privately owned company incorporated in Cameroon and is owned by the partnerships which are together known as Actis Energy 3. The total due at 31st December 2022 was \$ 77.8m, a significant deterioration from \$ 43.5m due at the end of 2021.
- (4) Dibamba earns revenue under a Tolling Agreement with ENEO, and at 31st December 2022 was owed \$ 19.0m (2021: \$ 16.8m).
- (5) Boshof, Klipheuwel, Aries, Konkoonies, Soutpan, De Aar, Droogfontein and Jeffreys Bay receive revenue payments under a PPA with the national utility company ("Eskom"). Eskom is a public limited liability company incorporated in South Africa and wholly owned by the South African Government. Invoices have been settled on time since the first invoices issued by project companies in early 2014 and this has continued to be the case in 2022.

Power Generation and Distribution Businesses

Counterparty credit exposures arise in the normal course of operations as a result of the potential for a customer defaulting on their payable balance. The Group has a limited number of customers to which it provides services in return for revenue, and credit risk is managed by analysing credit worthiness and financial strength during the negotiation of PPAs and during the life of the contract. Where the creditworthiness of the customer is deemed to be below standard, various contractual agreements and structures are negotiated (such as letters of credit, liquidity facilities, government guarantees and political risk insurance) to provide the required credit support.

Fair Value of Financial Assets and Liabilities

Financial Assets

Unquoted equity investments are included in the balance sheet at fair value. There is no material difference between the fair value and the book value of the Group's cash and cash equivalents, short term deposits, loans or trade and other receivables.

The fair value hierarchy is as follows:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND FINANCIAL INSTRUMENTS (continued)

The fair value and the book value of other financial assets is as follows:

	Fair value hierarchy	2022		2021	
		Book value	Fair value	Book value	Fair value
\$'000					
Cross-currency swap	2	58,543	58,543	71,774	71,774
Interest rate swaps (1)	2	57,736	57,736	-	-
Contingent consideration receivable (2)	3	2,065	2,065	-	-

The fair values are based upon:

- (1) Valuation technique level 2: Interest rate curves, risk-free rates, and counterparty risk.
- (2) Valuation technique level 3: Discounting cashflows at prevailing market rates of interest and weighted average probabilities.

Financial Liabilities

The fair value and the book value of financial liabilities is as follows:

	Fair value hierarchy	2022		2021	
		Book value	Fair value	Book value	Fair value
\$'000					
Interest bearing loans and borrowings (1)	2	1,403,539	1,415,279	1,428,558	1,457,027
Non-interest-bearing loans and borrowings (1)	2	24,589	24,589	35,476	35,476
Interest rate swaps (2)	2	5,608	5,608	61,346	61,346
Contingent consideration (3)	3	12,076	12,076	5,527	5,527

The fair values are based upon:

- (1) Valuation technique level 2: Discounting cash flows at prevailing market rates of interest.
- (2) Valuation technique level 2: Interest rate curves, risk-free rates, and counterparty risk.
- (3) Valuation technique level 3: Discounting cashflows at prevailing market rates of interest and weighted average probabilities.

Interest Rate Swap Counterparties

Counterparty credit exposures in relation to interest rate swap instruments were monitored by individual counterparty and by category of credit rating. The interest rate swaps entered into by the Group's South African subsidiaries are with ABSA bank, Nedbank and Standard Bank which all have a credit rating of BB-. The counterparty to the Group's other interest rate swaps are the IFC and the DFC which both have AAA credit ratings.

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24 PROVISIONS

\$'000	Current			Non-current		
	Maintenance	Other	Total	Maintenance	Other	Total
	(1)	(5)		(1)	(2), (3), (4)	
Current						
At 1 st January 2022	8,925	4,595	13,520	81,238	26,976	108,214
Provided in the year	-	15,942	15,942	3,931	5,721	9,652
Unused amounts reversed	(158)	-	(158)	(98)	(605)	(703)
Change in estimate (4)	-	-	-	-	(3,229)	(3,229)
Unwinding of discount	-	-	-	736	1,016	1,752
Exchange difference	(686)	(164)	(850)	(875)	(3,703)	(4,578)
At 31st December 2022	8,081	20,373	28,454	84,932	26,176	111,108

- (1) Maintenance provisions relate to concession agreements under IFRIC 12 for expected future works which are required over the remaining life of the PPAs, but not refunded under the existing concession agreement. Of the balance \$ 26.0m (2021: \$ 15.9m) relates to Azito, \$ 57.2m (2021: \$ 64.2m) to Kribi and \$ 9.8m (2021: \$ 12.6m) to Dibamba.
- (2) Non-current portion Includes decommissioning provision of \$ 15.7m (2021: \$ 18.2m). The provision is recognised where there is a legal obligation to decommission a power plant and reinstate the land to its former state under the terms of the relevant PPA. An estimate of future decommissioning costs is discounted back to the balance sheet date. Of the balance \$ 11.9m (2021: \$ 14.5m) relates to the South African projects, \$ 0.7m (2021: \$ 0.6m) to ARC and \$ 3.1m (2021: \$ 3.1m) to Songas.
- (3) Non-current provisions also include \$ 0.9m (2021: \$ 1.2m) in relation to a provision for a pension obligation at Azito.
- (4) The non-current portion of decommissioning provisions also includes an impact from remeasurement of \$ 3.2m (2021: \$ Nil), resulting from the reassessment of the dismantle cost for some South African power stations.
- (5) Current portion includes \$ 1.6m provision relating to bonus/leave in Globeleq South Africa Management Services Ltd (2021: \$Nil), \$ 3.5m provision for Songas well workover (2021: \$ 3.5m), \$ 3.3m Malindi EPC claim (2021: \$Nil) and \$ 2.0m provision for bonuses and taxes in Kribi. A provision of \$ 8.2m has also been recorded for bonds related to project development in South Africa.

25 COMMITMENTS

Capital commitments entered into during the year but not provided for are as follows:

\$'000	2022	2021
Azito – Construction of Phase 4	1,400	11,417
Songas – Maintenance services, estimated termination fee payable	7,500	8,000
Cuamba – Construction of the Cuamba solar plant	6,100	21,265
Temane – Construction of the Temane Power Plant	243,200	344,100
Total current commitments	258,200	384,785

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26 CONTINGENT LIABILITIES

Contingent liabilities are disclosed in relation to possible obligations depending on uncertain future events or in relation to present obligations where payment is not probable or there is uncertainty over the amount.

At 31st December 2022 the Group had the following contingent liabilities incurred in the ordinary course of business.

The Group and its subsidiaries have entered various letters of credit in respect of contract performance, working capital facilities, technical services, and plant maintenance, in the ordinary course of business. The likelihood of material cash outflow is considered remote.

In December 2022, ENEO, Kribi, and SNH signed a memorandum of agreement to offset Kribi's payable to SNH of XAF 25bn (\$40.8m) with Kribi's receivable from ENEO of the same amount. As of 31st December 2022, this was deducted from trade receivables and payables. If the amortization of the Kribi-SNH debt is interrupted by a government decision, legal or regulatory provision, or court decision, Kribi and ENEO accept that SNH has immediate recourse against them to settle the remaining debt together, which would lead to Kribi's receivable from ENEO and payable to SNH being reinstated. As of the reporting date, the Group are not aware of any circumstances which would cause a reinstatement.

27 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Country of incorporation	Company	Class of share	Percentage share of results included in the financial statements		Principal activities
			2022	2021	
Subsidiaries					
Cameroon	Dibamba Power Development Company SA	Ordinary	56%	56.0%	Oil fired generation
Cameroon	Kribi Power Development Company SA	Ordinary	56%	56.0%	Gas fired generation
Cameroon	Globeleq Cameroon Management Services SA	Ordinary	100%	100.0%	Advisory services
Côte d'Ivoire ⁽¹⁾	Azito Energie SA	Ordinary	76.9%	76.9%	Gas fired generation
Egypt	ARC for Renewable Energy SAE	Ordinary	100.0%	100.0%	Solar generation
Kenya	Globeleq Kenya Limited	Ordinary	100.0%	100.0%	Advisory services
Kenya ⁽¹⁾	Malindi Solar Group	Ordinary	90.0%	90.0%	Solar generation
Mozambique	Central Electrica de Terereane SA	Ordinary	87.04%	87.04%	Solar generation
Mozambique	Central Termica de Temane SA	Ordinary	85.0%	85.0%	Gas fired generation
Nigeria ⁽²⁾	GPSL	Ordinary	0.0%	74.0%	Gas Fire generation
South Africa	Jeffreys Bay Wind Farm (RF) (Pty) Limited	Ordinary	59.0%	59.0%	Wind generation
South Africa	De Aar Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Droogfontein Solar Power (RF) (Pty) Limited	Ordinary	56.8%	56.8%	Solar generation
South Africa	Globeleq South Africa Management Services (Pty) Limited	Ordinary	80.0%	80.0%	Advisory services
South Africa	Klipheuwel Wind Farm (RF) Pty Ltd	Ordinary	65.0%	65.0%	Wind generation
South Africa	Aries Solar Power (RF) Pty Ltd	Ordinary	51.0%	51.0%	Solar generation
South Africa	Konkoonsies Solar Power (RF) Pty Ltd	Ordinary	51.0%	51.0%	Solar generation
South Africa	Soutpan Solar Power (RF) Pty Ltd	Ordinary	51.0%	51.0%	Solar generation
South Africa	Boshof solar Power (RF) Pty Ltd	Ordinary	51.0%	51.0%	Solar generation
Tanzania	Songas Limited	Common	54.1%	54.1%	Gas fired generation
UK	Globeleq Africa Ltd	Ordinary	100.0%	100.0%	Advisory services
Associates					
Kenya ⁽³⁾	Tsavo Power Company Ltd	Ordinary	30.0%	30.0%	Oil fired generation

(1) Globeleq owns 100% of the related operations and maintenance companies.

(2) GPSL was disposed in 2022, see note 10.

(3) Investment in associate held for sale, as at 31st December 2022 the book value of the investment is Nil.

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28 NON-CONTROLLING INTERESTS

Financial information of subsidiaries that have material non-controlling interests are:

\$'000	2022			2021		
	Dividends paid to non-controlling interest:	Profit/(loss) allocated to non-controlling interests:	Accumulated non-controlling interests of the subsidiary:	Dividends paid to non-controlling interests	Profit/(loss) allocated to non-controlling interests:	Accumulated non-controlling interests of the subsidiary:
Azito	-	22,274	95,318	7,617	16,094	66,359
Songas	5,967	(4,808)	24,659	10,285	9,314	35,435
Kribi	22,975	(1,850)	70,354	-	23,800	99,374
Dibamba	9,849	2,925	44,016	3,881	6,797	53,459
GPSL	-	(1,523)	-	-	(1,549)	(1,507)
Temane	-	(89)	9,593	-	(41)	3,973
De Aar	2,552	3,457	(13,408)	22,056	4,482	(16,612)
Droogfontein	2,435	2,997	(13,435)	21,033	3,916	(15,874)
Aries	718	828	15,141	1,019	860	15,600
Konkoonsies	772	832	15,081	1,021	901	15,582
Boshof	-	721	11,307	-	3,007	11,744
Soutpan	1,528	1,985	12,105	1,363	1,759	13,023
Malindi	-	(353)	507	-	450	861
Cuamba	-	-	765	-	(14)	779
Jeffreys Bay	2,769	4,433	(25,443)	-	5,872	(30,938)
Klipheuwel	154	492	13,513	40,316	504	13,721
Other (1)	118	147	10,215	163	(45)	9,465
Total	49,837	32,468	270,288	108,754	76,107	274,444

(1) Consists of holding and service companies.

Summarised income statements of profit and loss for 2022 based on underlying financial statements for the principal operating subsidiaries:

\$'000	2022			2021		
	Revenue	Expenses	Profit (loss) for the year	Revenue	Expenses	Profit (loss) for the year
Azito	161,497	(65,074)	96,423	123,411	(53,197)	70,214
Songas	90,738	(101,212)	(10,474)	93,004	(72,713)	20,291
Kribi	107,492	(111,697)	(4,205)	126,740	(72,648)	54,092
Dibamba	29,306	(22,658)	6,648	34,589	(19,142)	15,447
GPSL	13,418	(19,274)	(5,856)	18,484	(24,543)	(6,059)
Temane	174	(768)	(594)	20	(294)	(274)
De Aar	26,092	(18,090)	8,002	30,476	(20,229)	10,247
Droogfontein	24,655	(17,716)	6,939	28,397	(19,447)	8,950
Aries	6,046	(4,355)	1,691	6,633	(4,877)	1,756
Konkoonsies	6,028	(4,330)	1,698	6,704	(4,865)	1,839
Boshof	22,828	(21,357)	1,471	26,005	(20,029)	5,976
Soutpan	15,985	(11,935)	4,050	16,375	(12,785)	3,590
Malindi	12,091	(15,626)	(3,535)	6,268	(1,768)	4,500
Cuamba	20	(20)	0	4	(74)	(70)
Jeffreys Bay	46,686	(35,875)	10,811	53,699	(39,378)	14,321
Klipheuwel	9,690	(8,285)	1,405	10,274	(8,833)	1,441

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28 NON-CONTROLLING INTEREST (continued)

Summarised balance sheets as at 31st December 2022 based on underlying financial statements for the principal operating subsidiaries:

2022					
\$'000	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Azito	263,358	736,626	(128,829)	(441,253)	429,902
Songas	66,440	72,073	(62,108)	(12,866)	63,539
Kribi	229,655	202,537	(246,427)	(120,852)	64,913
Dibamba	40,593	45,664	(24,914)	(10,249)	51,094
GPSL (1)	-	-	-	-	-
Temane	37,696	208,307	(26,866)	(155,188)	63,949
De Aar	8,588	45,218	(6,018)	(79,412)	(31,624)
Droogfontein	7,675	43,754	(5,446)	(77,548)	(31,565)
Aries	3,225	30,201	(1,313)	(9,384)	22,729
Konkoonsies	3,100	30,102	(1,324)	(9,438)	22,440
Boshof	27,599	174,138	(14,453)	(137,435)	49,849
Soutpan	12,415	94,333	(6,256)	(45,524)	54,968
Malindi	15,397	74,671	(39,054)	(42,657)	8,357
Cuamba	4,162	23,600	(5,825)	(15,855)	6,082
Jeffreys Bay	10,298	102,456	(9,837)	(165,486)	(62,569)
Klipheuwel	7,239	48,558	(2,733)	(20,642)	32,422

(1) Refer to Note 10

2021					
\$'000	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
Azito	223,118	605,154	(63,970)	(458,252)	306,050
Songas	62,093	95,628	(37,027)	(32,586)	88,108
Kribi	289,466	246,097	(254,613)	(129,259)	151,691
Dibamba	72,910	56,465	(43,202)	(13,030)	73,143
GPSL	124,121	801,458	(160,626)	(833,448)	(68,495)
Temane	98,100	56,121	(80,642)	(47,091)	26,488
De Aar	8,630	51,760	(6,940)	(91,266)	(37,816)
Droogfontein	8,069	50,001	(6,511)	(88,747)	(37,188)
Aries	2,947	11,312	(1,285)	(11,465)	1,509
Konkoonsies	3,028	11,223	(1,270)	(11,510)	1,471
Boshof	27,051	174,751	(19,494)	(158,926)	23,382
Soutpan	12,478	51,895	(6,834)	(53,635)	3,904
Malindi	363	70,729	(20,999)	(46,066)	4,027
Cuamba	8,286	5,163	(3,874)	(3,500)	6,075
Jeffreys Bay	11,555	98,969	(12,389)	(189,611)	(91,476)
Klipheuwel	7,746	21,461	(3,572)	(25,321)	314

29 RELATED PARTY TRANSACTIONS

During the current, and prior year, the Group conducted transactions with the following related parties which are not members of the Group:

- Globeleq Limited is the current sole Shareholder, itself owned by British International Investment plc ("BII") and Norfund. The Group provided advisory services to Globeleq Limited during the year and Globeleq Limited provided a shareholder loan to the Group.
- BII is a current Shareholder of Globeleq Limited. BII provided short term loan facilities and credit guarantees to certain Group subsidiaries and associates.
- BII has provided a direct loan of \$ 26.4m (2021: \$ 29.2m) on an arms-length basis to the Malindi solar project. The interest rate is 5% with a maturity date of May 2035.
- In 2022 the Group made shareholder loan repayments of \$ 20.8m (2021: \$ 30.3m) and incurred imputed interest of \$ 2.1m (2021: \$ 4.0m).

The financial impact of transactions between the Group and related parties who are not members of the Group for the periods discussed above is as follows:

\$'000	Income booked by the Group	2022 Expenses incurred by the Group	Income booked by the Group	2021 Expenses incurred by the Group
Income statement				
BII	-	18	(23)	-
Globeleq Limited	-	2,125	-	4,022
Total	-	2,129	(23)	4,022
		Net receivable/ (payable)		Net receivable/ (payable)
Balance sheet				
BII – long term		73		90
Globeleq Limited		(24,589)		(35,476)
Total (net)		(24,516)		(35,386)

Remuneration of Key Management Personnel

Key management personnel numbered twelve individuals as at 31st December 2022 (2021:12), including direct reports to the Chief Executive Officer. The amounts in relation to remuneration of key management personnel are as follows:

\$'000	2022	2021
Short-term employee benefits	4,174	4,864
Long-term employee incentive plan (1)	1,497	2,785
Post-employment benefits	107	118
Total remuneration	5,778	7,767

(1) Includes a long-term employee incentive programme which covers one-third of 2022-2024 and to be paid in 2025 and 2026, respectively.

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30 OTHER RESERVES

\$'000	2022	2021
Contributed capital on interest free loans (1)	55,317	63,606
Total other reserves	55,317	63,606

(1) Loans with Globeleq Limited are non-interest bearing and are non-current in nature. In accordance with IFRS 9 imputed interest is recognised on these loans. The interest rate used is comparable to the interest rate applicable to loans the Company could obtain from third parties. The contributed capital reserve was adjusted following the \$ 20.8m early repayment of the shareholder loan (See Note 29).

31 POST BALANCE SHEET EVENTS

On 17th January 2023 the business reached financial close on the refinancing of the Soutpan Solar Plant.

In January the outstanding third-party loans owed by Kribi development company were repaid to the lenders.

In February Globeleq signed the EPC/LTSA agreements with Toyota Tsusho corporation in preparation for financial close of Menengai in 2023.

Company Information

Registered No. 55574

Current Directors

Michael Scholey
Andrew Ramsay
Ian Coxon

Chief Executive Officer
Executive Director
Executive Director

Secretary

Andrew Ramsay

Auditor

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