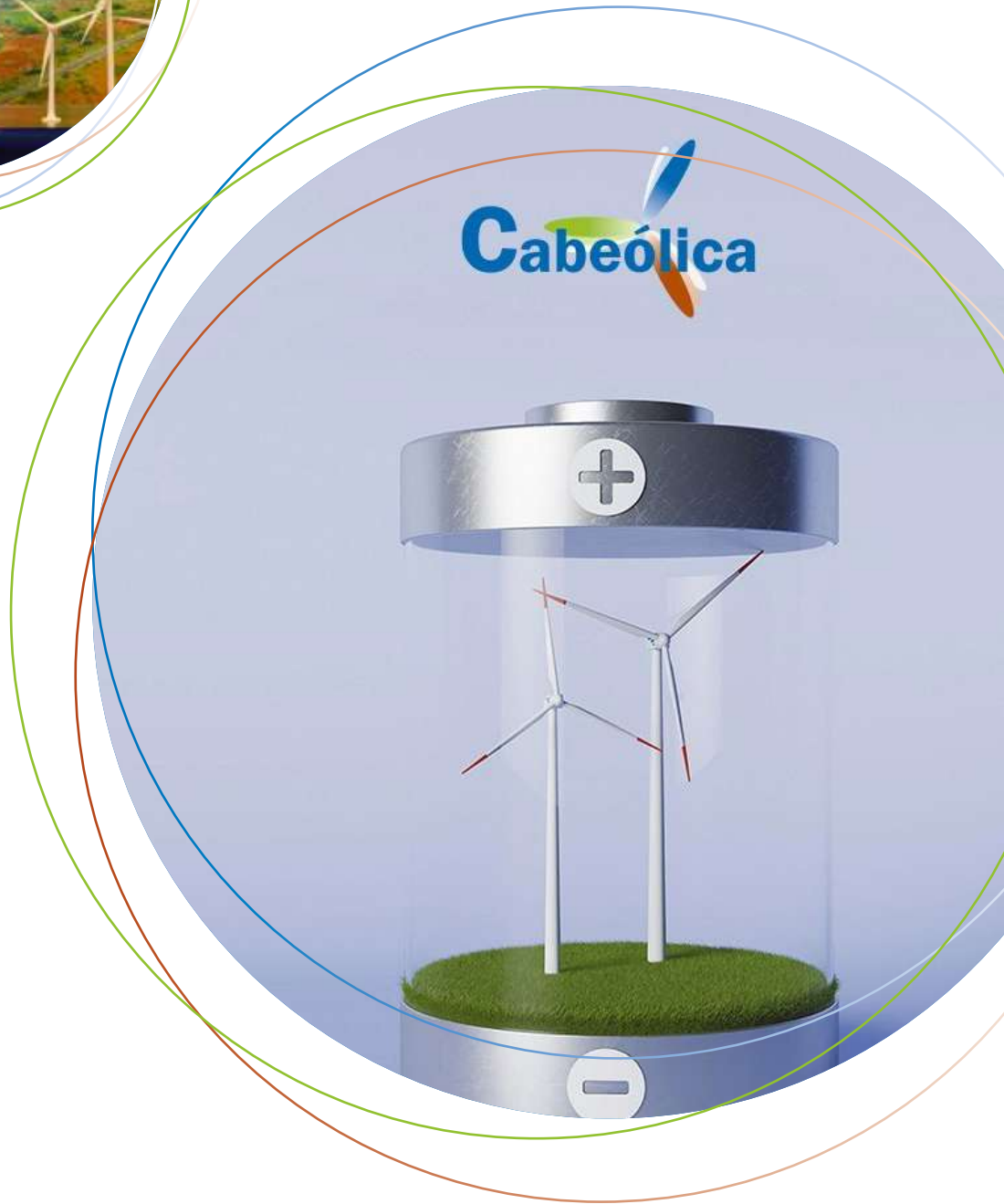




20  
23

Annual  
Report



**Mr. Alexandre Monteiro**  
The Minister of Industry, Trade and Energy of Cabo Verde

“Accelerating the energy transition requires the mobilization of necessary technical and financial resources. It also requires fast and assertive responses from everyone: from the State and public and private, national and international partners...”

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# Directors' Report





# 1.1 MESSAGE FROM THE CHAIR OF THE BOARD

**Kudzayi Hove**

Chair of the Board of Directors

**“Cabeolica has been pivotal to the country’s ambitious goals on renewable energy penetration and energy transition, by ensuring the generation of reliable and clean wind energy for the public electricity distribution network. With this same vision, in 2023, Cabeolica expanded its scope of business activity as a wind power producer to also incorporate energy storage.”**

The Board of Directors is pleased to present Cabeolica’s 2023 Annual Report.

Similar to previous years, Cabeolica’s Directors are hereby presenting in late March relevant financial and operational information from the previous financial year to not only comply with legal and statutory requirements but also to symbolize the company’s continued commitment to transparency for all its stakeholders.

As a resilient and trusted partner of the Government of Cabo Verde, Cabeolica has been pivotal to the country’s ambitious goals on renewable energy penetration and energy transition, by ensuring the generation of reliable and clean wind energy for the public electricity distribution network. With this same vision, in 2023, Cabeolica expanded its scope of business activity as a wind power producer to also incorporate energy storage.

We are pleased to announce that, after concluding all the necessary studies, Cabeolica’s proposal for the new expansion project was presented and accepted by the Government of Cabo Verde. This project, which will increase Cabeolica’s installed capacity by 13.5MW and result in the installation of battery storage systems on all 4 islands where the company operates, will consolidate and extend Cabeolica’s leadership position in the renewable energy sector. We very much look forward to working with the Government in the execution of this exciting project.

As we look forward to 2024, we are enormously proud of Cabeolica’s solid performance while operating in another exceptionally challenging year. In 2023, the global and local

economy continued to be impacted by significant economic and geopolitical challenges, including significant inflation and uncertainties caused by the war in Ukraine.

These forces laid bare the vulnerabilities of Cabo Verde’s economy - its heavy dependence on tourism and imported fossil fuels. However, with the gradual recovery of the economic activity in general, and the tourism sector in particular, and the Government’s commitment towards energy transition, the country has been showing remarkable resilience.

In spite of these challenges and well below average wind conditions, I am pleased to report that Cabeolica operated the four wind farms efficiently and profitably in 2023. Overall, net results were lower than in 2022, essentially due to development expenses related to the expansion project and record low wind conditions. The company’s cash reserves improved, remaining robust enough to still enable the distribution of a significant portion of the approved dividends while remaining in compliance with its financial and legal responsibilities.

It is important to note that the decrease in Electra’s receivables reflect the fact that throughout the course of the year, Cabeolica has worked closely with Electra and the Government to seek out solutions and we value the fact that, despite difficulties, all parties remain fully engaged to ensure that Electra meets its commitments for 2023 and beyond.

Cabeolica’s strong operational and financial performance was achieved while complying with the company’s demanding environmental, social and health and safety standards and best practices. We remain convinced that it is for these

reasons that we proudly celebrate 10 years free from any incident or accident in the exercise of all company activities. The same commitment to the environment extends to the monitoring of vulnerable and threatened bird species and environmental education programs in schools and local communities.

Finally, I wish to thank the Board and Shareholders for their support, the Management Team for their commitment and hard work, as well as our Lenders, our Off-taker and our Service Providers for their continued contribution, all of which are essential to Cabeolica's success.





## MESSAGE FROM THE CEO

**Bruno Lopes**  
Chief Executive Officer

**“The company concluded all studies and presented the expansion project proposal to the Government, and integrated 2 additional battery energy storage systems (BESS) into the expansion project”**

It is a particular pleasure to share the Company's Annual Report for 2023, reflecting a positive operational performance, achievement of the main goals for this year and compliance with all legal, contractual, H&S and ESG requirements, in a year filled with challenges.

The Company generated a total of 71 755 MWh of reliable and efficient electricity (72 294 MWh in 2022), representing about 47 000 tons of CO<sub>2</sub> equivalent avoided. However, despite the positive operational performance, the net results of EUR 1 933 213 in 2023 correspond to a decrease of 10% when compared to the previous year, essentially impacted by expansion project development expenses.

Electricity sales observed a reduction of just 1% compared to the previous year, despite a decrease of around 6% in potential available wind energy, reflecting the continued reduction of curtailment and consequent improvement in the wind energy use index, especially in São Vicente and Boa Vista.

Despite delays in some specific items and relevant unscheduled maintenance at the Santiago and Sal wind farms, the wind farms' annual maintenance plan was adequately fulfilled, guaranteeing, once again, availability levels higher than the minimum contractual values.

The company's cash flow position remains solid and enables compliance with budgeted responsibilities, even showing a relevant improvement compared to the previous year due to the increase of Off-taker's pending debt. The Off-taker's financial situation continues to require attention, however, the effort and spirit of cooperation between the two companies should be highlighted.

The highlights for the year of 2023 regarding internal organization, are: the (i) reinforcement of environmental and social res-

ponsibility programs, including the new annual sustainability report, (ii) reinforcement of internal governance and compliance standards, as a result of the preparation of gap analysis in relation to best international practices, (iii) adjustment of goals and responsibilities of employees in the face of the new challenges, (iv) increase in training hours for employees and internship programs and (v) strict compliance with safety procedures.

The year of 2023 was certainly marked by important goals achieved by Cabeolica. In fact, the company concluded all development studies and the proposal for the new expansion project was presented and approved, having also integrated 2 additional battery energy storage systems (BESS) into the expansion project, as a result of a public tender. This investment project represents an important milestone for the company's consolidation.

We are aware that the year 2024 will bring relevant challenges to the national electricity sector, with greater or lesser impact on Cabeolica, namely with the announced unbundling and privatization of Electra, the full entry into operation of the centralized dispatch system and entry into operation of the 5 MW solar projects in São Vicente and Sal. However, Cabeolica's ability to deliver and the strength of its shareholders and partners give us the confidence to continue facing the challenges that lie ahead with the aim of maintaining and consolidating the company's leadership position.

Pleased with the progress achieved in 2023, we highlight that the commitment and hard work of the entire Cabeolica team contributed significantly to this. We also recognize the institutional cooperation with the Government of Cabo Verde, the valuable collaboration of the Off-taker and service providers, as well as the support and encouragement received from shareholders and lenders.

# 1.2

## CABEOLICA IN BRIEF

### HIGHLIGHTS OF 2023

	KEY INDICATORS	2023	2022
OPERATIONAL	Installed capacity (MW) 	25.5	25.5
	Energy Generated / Available (%) 	81%	77%
	Estimation of Global Penetration rate (%) 	14%	15%
	Average wind speed (m/s) 	8.3	8.5
	Energy Generation (MWh) 	71 755	72 294
FINANCIAL	Revenues (EUR) 	10 616 675	10 743 127
	EBIT (EUR) 	4 525 887	4 955 674
	Profit for the period (EUR) 	1 933 213	2 147 164
	Debt Service Coverage Ratio*1 	1.94	1.17
	Average Collection period (days) 	90	146
	Contractual Penalties / Defaults (number) 	0	0
ENVIRONMENTAL & SOCIAL	CO2 Equivalent avoided (Ton) 	46 886	47 261
	H&S Accidents involving Health (number) 	0	0
	Training courses for employees (hours) 	367	158
	Internship programs (number) 	5	4

\*1 Considering only Lenders' loans

# VISION, VALUES AND MILESTONES

## VISION

To be a company of excellence and a national and international reference in the renewable energy sector, creating value for its stakeholders and strongly committed to sustainability.

## VALUES

### Sustainability

Promoting improvement in quality of life.

### Professionalism

In providing our services.

### Ethics and Integrity

In doing business.

### Social Responsibility

Promoting education for a sustainable world.

### A Passion

For clean energy.

## MILESTONES



### 2008 — 2009

2008 saw the signing of an innovative Public-Private Partnership (PPP) agreement between InfraCo Africa Limited, the Government of Cabo Verde and Electra S.A., resulting in the creation of the company Cabeólica, S.A. (Cabeolica) in 2009.



### 2010

The AFC and Finnfund joined Cabeolica as majority investors in 2010, a year during which the company also secured long-term financing from EIB and AfDB as well as EPC and SAA contracts with Vestas.



### 2011 — 2012

**Financial close** was reached in 2011, following the initiation of the construction of 4 wind farms during the same year, with their completion having occurred by 2012.



### 2013

In 2013, it became the first project in Cabo Verde to register within the Clean Development Mechanism program, with the company selling its first carbon credits in 2015.



### 2014

Prior to this, in 2014, Cabeolica achieved a record nationwide penetration rate of 24%.



### 2018

By 2018, the equity positions in Cabeolica held by InfraCo Africa Limited, AFC and Finnfund had been transferred to Anergi Asset Company, while during the same year, the company celebrated its best performance since the beginning of commercial operation with the annual electricity generation of 85,154 MWh.



### 2020 — 2021

In 2020 and 2021, years marked by the COVID-19 pandemic, the equity position previously held by Anergi Asset Company was transferred, with 50% being currently held by AFC Equity Investments and 44% by African Energy Transition Holding.



### 2022

In 2022, Cabeolica completed 10 years of full operation of its wind farms and signed an MoU with the Government of Cabo Verde for an expansion project.



### 2023

In 2023, Cabeolica concluded all studies and presented the expansion project proposal to the Government, and integrated 2 additional battery energy storage systems (BESS) into the expansion project, as a result of a public tender.

# CORPORATE GOVERNANCE

From its incorporation, Cabeolica has established a strong commitment to ethics, transparency and accountability, as well as to applying Corporate Governance best practices.

The company's structure and operation are regulated by Cabo Verde's Commercial Companies Code, by its statutes and by the Development and Investment Agreement (DIA) signed between Cabeolica and its Investors.

The company's operational management and internal control system are guided by the DIA and its internal guidelines, which establish best practices for the company's key areas of performance, including a code of ethics and business conduct applicable to all employees and disclosed on the company's website.

In fact, in 2023, a gap analysis was carried out in relation to international best practices in terms of compliance and, as a result, internal compliance standards were reinforced, a whistleblowing channel was implemented and a compliance officer was appointed.

As part of the DIA and the agreement signed with the Lenders, the company is also subject to a strict set of rules in terms of information reporting, but also in terms of its structure and operation.

## Investors

**AFC Equity Investments**, a subsidiary 100% held by Africa Finance Corporation (AFC). AFC is a Pan-African multilateral financial institution created by sovereign states, of which Cabo Verde is also a member state. It has the central bank of Nigeria and some of the largest African commercial and development banks as its main shareholders.

**African Energy Transition Holding** is part of the A.P. Moller Group, through Africa Infrastructure Fund (AIF), managed by A.P. Moller Capital. AIF was created to invest in infrastructure assets on the African continent, holding several assets throughout this continent, namely in the energy sector.



**Electra - Empresa de Eletricidade e Água, S.A.(Electra, S.A.)**, the national utility company, whose main shareholder is the State of Cabo Verde.

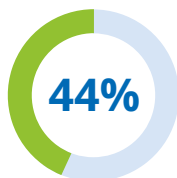
**State of Cabo Verde.**



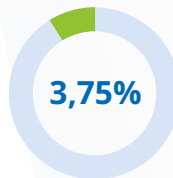
**AFC Equity Investments**



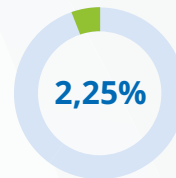
**African Energy Transition Holding**



**Electra, S. A.**



**Estado de Cabo Verde**



## Lenders

European Investment Bank (EIB), long-term lender of the project;

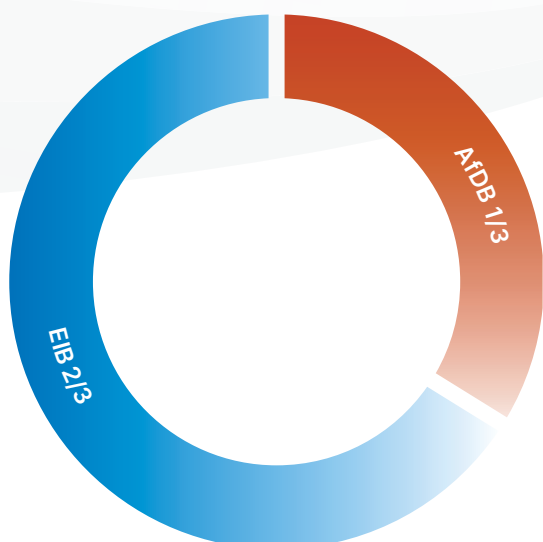


African Development Bank (AfDB), long-term lender of the project;



## Debt Structure

The adopted governance model reflects the company's commitment to applying best practices in terms of transparency and segregation between management and supervision of the company's activities. Management is ensured by a Board of Directors of 7 non-executive members, including an independent Chair, and advised by a Finance and Administration Committee of 3 members. The Board of Directors has ultimate responsibility for strategy, policy formulation and decision making, with specific authority delegated to a Chief Executive Officer for the company's executive management, supported by a management team.



## Main Partners

VESTAS, wind turbine manufacturer and maintenance service provider;



Electra, S.A., the commercial and operational partner for the offtake from the wind farms.

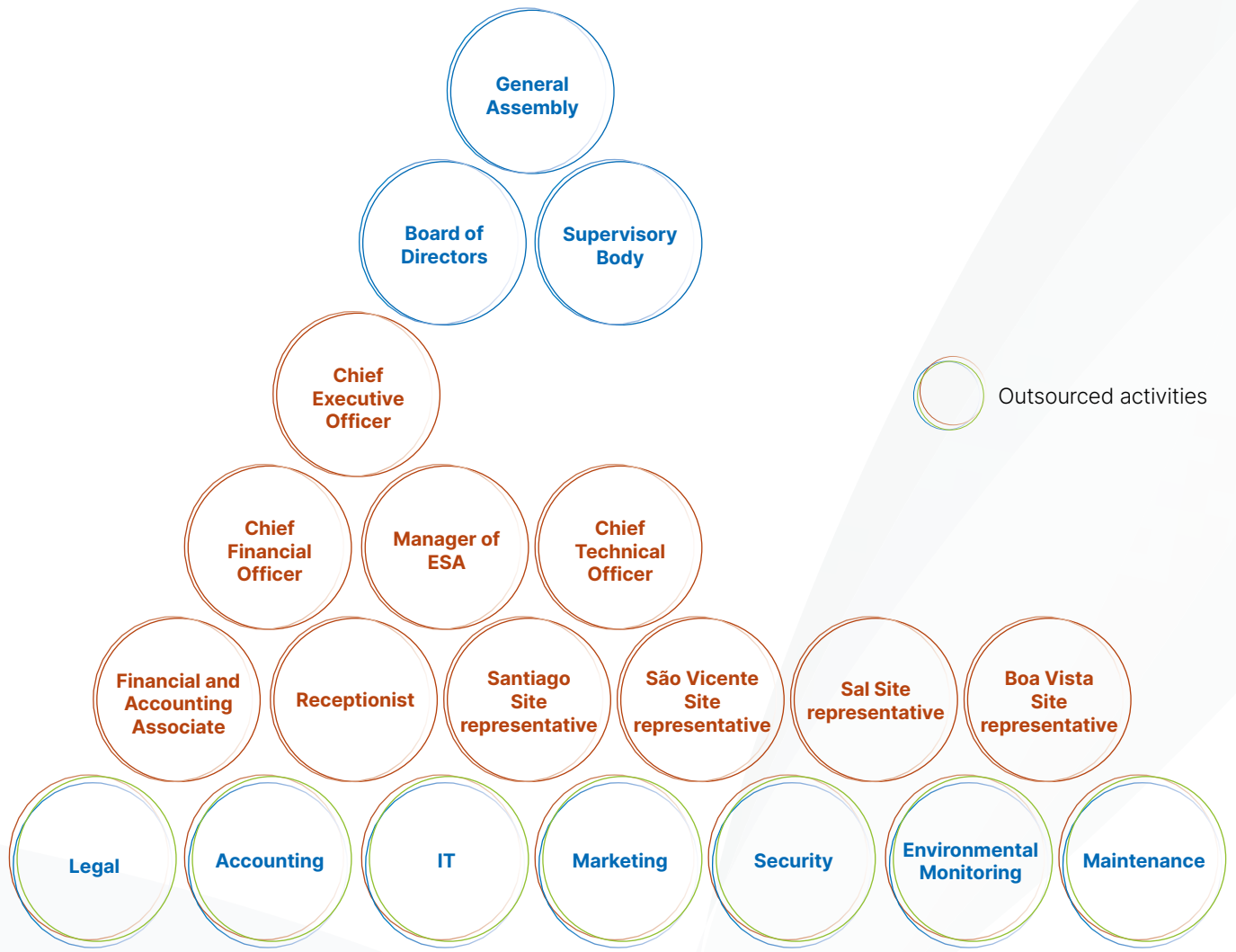


The Board of Directors meets quarterly. In 2023, meetings were held on March 27, June 20, September 21 and November 22.

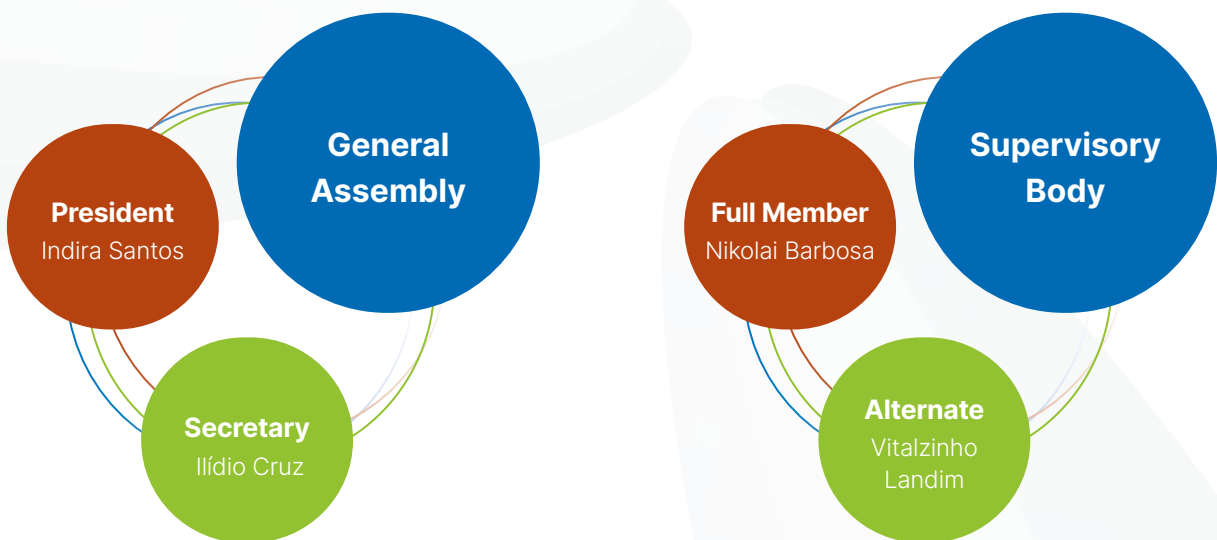
Supervision is ensured by a Supervisory Body and an external audit, the latter having been assigned to the international accounting firm Deloitte, since 2022. There is also a Shareholders' Assembly and an Investors' Meeting that ensure accountability to shareholders and investors.



# Organizational Structure



# Corporate Bodies



# THE BOARD OF DIRECTORS

## THE CHAIR OF THE BOARD



### **Kudzayi Hove**

#### **Appointment: AFC/AFC Equity Investments – Independent Member**

Kudzayi Hove is the CEO of Amayi Foods Limited, a Nigerian food processing company. Prior to setting up Amayi, she headed equity investments at AFC, where she oversaw AFC's investment in Cabeolica and other projects. She has over 20 years of experience in business management, banking and private equity and holds a BA from Clark University and an MBA from the Wharton School, University of Pennsylvania.

## THE DIRECTORS



### **Ayotunde Anjorin**

#### **Appointment: AFC/AFC Equity Investments**

Ayotunde Anjorin is AFC's Senior Director and CFO and, prior to this, he was AFC's Senior Vice President and Head of Finance & Operations. Prior to joining AFC, he worked at Standard Chartered Bank Nigeria, where he held positions at national and regional levels. He holds a BSc in Accounting and is a chartered accountant with over 20 years of post-qualification experience in the financial sector, encompassing financial reporting, internal control, risk management, banking operations and process reengineering.



### **Eluma Obibuaku**

#### **Appointment: AFC/AFC Equity Investments**

Eluma Obibuaku has over 20 years of accomplished public and private sector advisory and investment experience. Currently, he is the Senior Vice President for Power with AFC's Origination and Coverage Division and sits on the Board of several private companies. Over the span of his career, he has worked at the US General Accounting Office, Pacific Gas and Electric Co, the IFC and, more recently, with a pioneer power project developer to establish a Greenfield IPP. Eluma Obibuaku holds an MBA in Finance from the Wharton School of the University of Pennsylvania.



### **Dhruv Narain**

#### **Appointment: AP Moller Capital / African Energy Transition Holding**

Dhruv Narain is a Partner at A.P. Moller Capital and has more than 20 years of investment strategy experience in infrastructure assets, including energy, electricity and renewables. He has investment management experience at Board level in Europe, Asia, US and Latin America at top investment firms. Dhruv Narain holds a degree in Economics from the LSE – London School of Economics and Political Science and an MBA from INSEAD in France.

**Resigned in March 2024 and replaced by the alternate Board member Semih Gokmen.**



**Ebbe Hamilton**

**Appointment: A.P. Moller Capital / African Energy Transition Holding**

Ebbe Hamilton is a Senior Advisor for the energy sector at AP Moller Capital since 2018. He has extensive international experience of over 20 years in business and project development in the energy sector, and renewable energy, in particular, in developed and emerging markets. He has previously worked at EleQtra, ABB Equity Ventures and Skanska Financial Services. Ebbe Hamilton holds an MBA from Rutgers University in the United States and an MSc in mechanical engineering from Ecole Polytechnique Federale in Switzerland.



**Rito Évora**

**Appointment: State of Cabo Verde**

Rito Évora is the National Director of Industry, Trade and Energy of Cabo Verde since August 2018. He has over 20 years of experience in the energy sector, having already served as the State's service director of energy and as executive director of the Economic Regulation Agency. Rito Évora has been working in the design, development and implementation of regulatory models and structural policies for the energy sector in Cabo Verde. He holds a BSc in mechanical engineering and an MSc in energy.



**Luís Teixeira**

**Appointment: Electra, S.A.**

Luís Teixeira is the Chairman of the Board of Directors of Electra, S.A. since 2021. He holds a PhD in renewable energy engineering from the University of Huazhong in China and an MSc in mechanical engineering from the University of Porto in Portugal. His experience includes several positions held in Cabo Verde's public administration in the energy and education sectors.



Name	Appointment	Date of Appointment	Gender	Note
Kudzayi Hove	AFC Equity Investments	September 29, 2017	F	
Ayotunde Anjorin	AFC Equity Investments	November 27, 2015	M	
Eluma Obibuaku	AFC Equity Investments	September 29, 2017	M	
Dhruv Narain	African Energy Transition Holding	November 29, 2022	M	
Ebbe Hamilton	African Energy Transition Holding	September 17, 2021	M	
Luís Teixeira	Electra, S.A.	September 17, 2021	M	
Rito Évora	Estado de Cabo Verde	November 28, 2018	M	
Semih Gokmen	African Energy Transition Holding	September 17, 2021	M	Alternate Member

The composition of the Board of Directors reflects the Investors’ contribution to the company’s equity, while ensuring, under any circumstances, a minimum of one Director from the State of Cabo Verde and one Director from Electra, SA. The composition also takes into consideration the best practices of corporate governance, notably availability for the position, periodic rotation and experience and professional seniority of all members, with an extensive background in investment and finance, executive management and local and international power sector.

The terms of office of all corporate bodies were renewed in 2023, in compliance with the company’s articles of association.

## RISK MANAGEMENT

In line with best practices in the sector and particularly with PPPs and Project Finance, the company has in place strategic responses to risk management, including important contractual instruments, transparent and highly experienced institutional investors. In addition, the company’s risk management entails a proactive attitude from management and supervisory structures in order to identify, report and mitigate the key risks.

A formal risk management system is implemented, in compliance with ISO 31000 standards and the COSO ERM framework, including appropriate risk policies and risk governance model.



### Risk Appetite

In order to create value and pursue its strategic goals, Cabeolica has to take risks while actively ensuring that the risks are identified, monitored, and mitigated, and guaranteeing that they do not adversely impact the achievement of the strategic and financial targets. Despite recognizing that risks are an inevitable consequence of being in the business, Cabeolica has a very low appetite for safety, compliance and contractual risks and is willing to tolerate low financial, operational and environmental risks.

## Risk Class, Likelihood and Impact

Five Risk Classes are defined: strategic, financial/operational, reputational, health and safety and compliance. The severity of risks was calculated based on impact and probability criteria, the latter related to expected or historical frequency. As a result, a map was built with Cabeolica's key risks, as well as the respective monitoring and mitigation criteria.

## Governance Model

A multi-layered risk management governance model was defined, with the Board of Directors assuming ultimate authority and responsibility for risk management, including definition of the risk strategy. Other layers include (i) the CEO and the risk committee, responsible for the risk supervision, monitoring and control, and (ii) the risk officer (CFO) and the risk managers, as the first layer responsible for risk management. In addition, an updated risk matrix is reported to the Board of Directors on a semi-annual basis and the Supervisory Body's report includes an analysis of the compliance to the risk management system by the company on an annual basis.

# 1.3 ECONOMIC FRAMEWORK

The year 2023 was marked by the recovery of the world economy after the COVID-19 pandemic, the war in Ukraine and the cost-of-living crisis, with inflation, however, falling from its peak in 2022. According to estimates by the International Monetary Fund (IMF), in 2023 the global economy will have grown by around 3.1%, compared to 3.4% growth in 2022.

A major highlight is the moderate growth of the US economy, and the low growth of the economies of the United Kingdom and the Euro Zone, Cabo Verde's main trading partner, of around 2.5%, 0.5% and 0.5% respectively, compared to the growth of 1.9%, 4.3% and 3.4% in 2022. Sub-Saharan Africa's economy grew by around 3.3% in 2023, compared to around 3.8% in 2022.

In the energy sector particularly, following the usual trend of volatility in the oil prices on the international markets, there was a reduction in prices in 2023, with the average price of Brent Crude Oil falling by around 17% over the year and reaching around 78 dollars per barrel by the year's end.

Despite the reduction of oil price, the competitiveness of renewable energies, including wind power, is not jeopardized. This competitiveness is already structurally supported by continuous technological innovation, as well as concerns on global warming impact and sustainability, energy independence and predictability, ensuring that progression towards global growth based on green energy is an increasingly inevitable path.

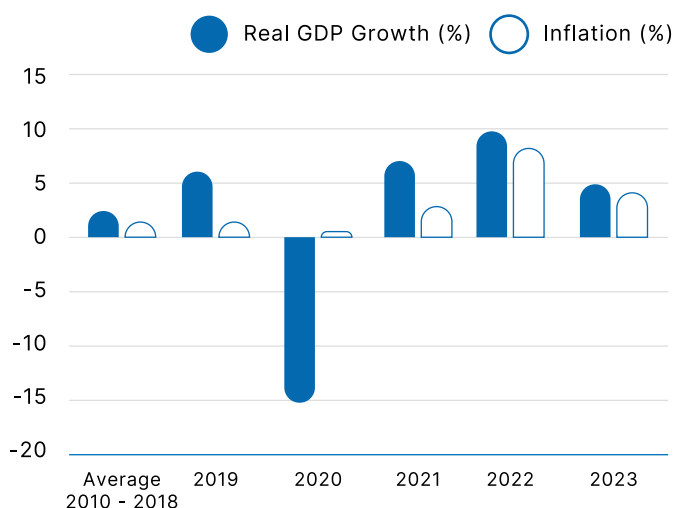
Despite the adverse economic headwinds, the global wind power industry has continued to confirm the trend of sustainable growth that has been occurring over the past 2 decades and has seen an increase in installed capacity, reaching new records. The Global Wind Energy Council estimates that around 115 GW of additional wind energy capacity will have been installed by 2023, compared to the 78 GW installed in 2022.

Despite pressure from oil prices on the international market, inflation in Cabo Verde, although still significant, continues to fall, mainly reflecting the drop in energy prices. More restrained demand, tighter monetary policy and growth moderation in external tourism demand affected economic growth during the year. The slowdown in GDP growth extended to almost all sectors of activity, with particular emphasis on services linked to tourism.

In fact, sources such as the Bank of Cape Verde, the National Statistics Institute and the IMF estimate, on average, that GDP growth and inflation will have reached around 5% and 4% respectively in 2023, compared to around 10% and 8% in 2022.

It is important to note, however, that, despite the resilience showed by the local economy, it continues to face significant vulnerability to external shocks, and the public debt, although on a decreasing trend, still remains above pre-pandemic levels.

## Key Indicators



Source: IMF, Bank of Cabo Verde and National Statistics Institute

Average electricity tariffs for the end consumer remained basically unchanged during 2023, with a decrease of only around 0.2% in January. It is also worth highlighting the recovery in demand on the islands of Sal and Boa Vista, as a result of the resumption of tourist activity.

In 2023, Cabeolica was responsible for generating approximately 14% of the electricity consumed in the country, keeping Cabo Verde in its position as an international reference and a leader in Sub-Saharan Africa in terms of wind power penetration. However, it is important to highlight the new PPAs signed by the Government in 2023 for 5MW solar PV projects for the islands of Sal and São Vicente, as well as solar PV projects yet to be signed on the islands of Santiago and Boa Vista.

# 1.4 CABEOLICA'S PERFORMANCE IN 2023

## Human Resources and Quality

Cabeolica continues to work on building a culture that fosters knowledge sharing and solidifies a sense of belonging, identifying and encouraging opportunities for professional growth for all employees, aware that its sustainable growth highly depends on the expertise and engagement of the employees. In 2023, Cabeolica continued consolidating its performance evaluation system, adjusting some of the individual objectives to the company's current challenges, thus reinforcing the underlying purpose and underlying importance of that system.

In 2023, Cabeolica reached an important diversity and inclusion mark reaching a 50/50 gender ratio in the direct workforce of 10 Cape Verdean employees. The company preserved around 40 indirect jobs, of which more than 90% of Cape Verdean origin, maintaining the commitment to diversity and to develop local know-how.

## Training

Training is still a strategic and integrative pillar for the growth of Cabeolica's staff. In 2023, Cabeolica staff underwent 367 hours of training, including code of ethics and business conduct, compliance, English language, battery energy storage systems and working at height.

Cabeolica has started sharing its internal Newsletter **EoloNews**, to key local stakeholders, to enhance renewable energy interest and knowledge in the country.



## Health and Safety

Cabeolica seeks to promote the health and well-being of its employees, which requires a safe workplace, namely ensuring that all work at height and first-aid equipment and training are updated.

To encourage health and well-being, all employees undergo annual medical exams, and are granted occupational accident insurance.

### Implementation of safety code:



### Quality Management System

The Quality Management System (QMS) has become an important guiding map for internal processes interactions, procedures and responsibilities definition, and promotes transparent management of all involved in the business chain.

In 2023, the company underwent a renewal audit by AP-CER (Portuguese certification body that is part of IQNET) to confirm Cabeolica's commitment to the requirements of the ISO NP EN 9001: 2015 standard.

## ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

As one of the country's leading players in the energy sector, with international recognition, Cabeolica's responsibility is to make the world a better place, not only through the generation of clean energy to protect the environment, but also through involvement in our communities, active environmental stewardship and social responsibility practices.

Therefore, in 2023, Cabeolica reassured its commitment to its Environmental and Social Management Plan (ESMP) by supporting activities to raise awareness, educating and promoting environmental stewardship and supporting local communities.

### Environmental Responsibility

**Valuing Biodiversity:** Cabeolica's commitment to protecting biodiversity and creating a positive environmental legacy for future generations in its business practices is crucial. Therefore, 2023 marked another successful bird monitoring and conservation program in the island of Boa Vista as well as the reptile (Gecko *Tarentola Substituta*) monitoring study in the island of São Vicente. The data obtained showed minimal impact on the preservation of birds and reptiles' habitat and nesting activity.

**Waste Management:** The national waste management policy in Cabo Verde, still under development, continues to be a challenge for Cabeolica when it comes to treating hazardous waste. The storage and shipping of hazardous waste for treatment and proper conditioning is still the best solution for an environmentally conscious organization such as Cabeolica.

**Emissions Reduction:** Cabeolica continued to be the number one clean energy producer in the country, contributing to its sustainability efforts. In 2023, Cabeolica's wind energy generation contributed to avoiding the emission of 46 886 tons of CO<sub>2</sub>e, bringing the total of the company's avoided emissions to over 600 000 tons of CO<sub>2</sub>e.

## Social Responsibility

Cabeolica maintains a strong commitment to social responsibility, with an impact not only on the company's staff but also on the community in which the company operates. Corporate Social Responsibility has become increasingly important to Cabeolica, which is showcased in the following initiatives carried out in 2023:

**Internship Program:** Cabeolica's internship program welcomed 5 students/recent graduates in the financial and technical sectors, with the aim of not only improving the students' personal skills but also promoting their professional growth.

**Environmental and Renewable Energy Awareness:** Cabeolica launched different projects to enhance environmental and renewable energy awareness in the community:

- Fruit tree planting project aiming to plant fruit trees in local elementary schools, in São Vicente, Santiago and Boa Vista.
- Cabeolica University Challenge Business Case project.
- Sponsorship of bird and reptile studies that culminated with knowledge sharing activities by the consultants to students at local universities.
- Sponsorship and participation in Cabo Verde's International Renewable Energy and Energy Efficiency Fair.

**Education:** Cabeolica continued to support a local association with regard to the acquisition of school supplies to more vulnerable families in the island of Santiago.

**Christmas Activities:** Cabeolica maintained a Christmas tradition by gifting merchandise that educates on environmental awareness to hospitalized children at the two major hospitals in the country, in São Vicente and Santiago, while also providing Christmas hampers to vulnerable families on the island of Sal.



# INFRASTRUCTURES

In 2023, Cabeolica's infrastructure did not suffer any changes in the installed capacity of the 4 wind farms (about 25MW), comprised of 30 wind turbines, Vestas' 850 kW model V52, distributed over: Santiago with 11 (9.35 MW), São Vicente with 7(5.95 MW), Sal with 9 (7.65 MW) and Boa Vista with 3 (2.55 MW).

The Service Provider, Vestas, shared the scheduled maintenance plan for the wind farms, which was approved by Cabeolica. Scheduled maintenance works proceeded normally, however, some activities were postponed due to the need for unscheduled interventions in two of the wind farms and, in particular, repair interventions at the Sal substation.

Vestas carried out preventive and corrective interventions as a result of monitoring the Condition Monitoring System – CMS. In 2023 there was a reduction in events impacting availability leading to unscheduled interventions. The average annual availability of wind farms was 97.1% (95.9% in 2022), above the contractual agreement of 95%.

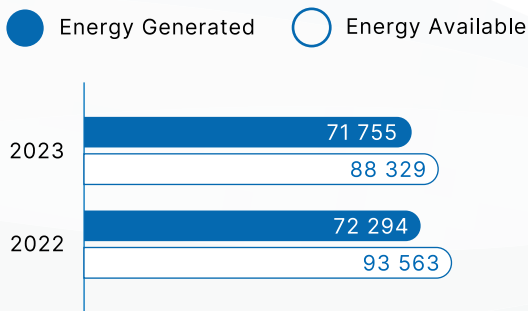
Cabeolica concluded the critical studies through independent consultancy to expand the Santiago wind farm by 13.5 MW and install battery energy storage systems (BESS) in Santiago, São Vicente, Sal and Boa Vista.

Cabeolica and Electra have started regular analysis to continuously improve the operation of the wind farms and measures have been taken to reduce technical limitations and allow greater wind penetration in the grids, with a special impact on the São Vicente wind farm.

Cabeolica's inspections were also carried out in accordance with the annual plan and, as a result, interventions were carried out to maintain the accessibility and safety conditions of infrastructure on the Sal and Santiago access road.

# OPERATIONAL PERFORMANCE

## Energy Generated vs Available (MWh)

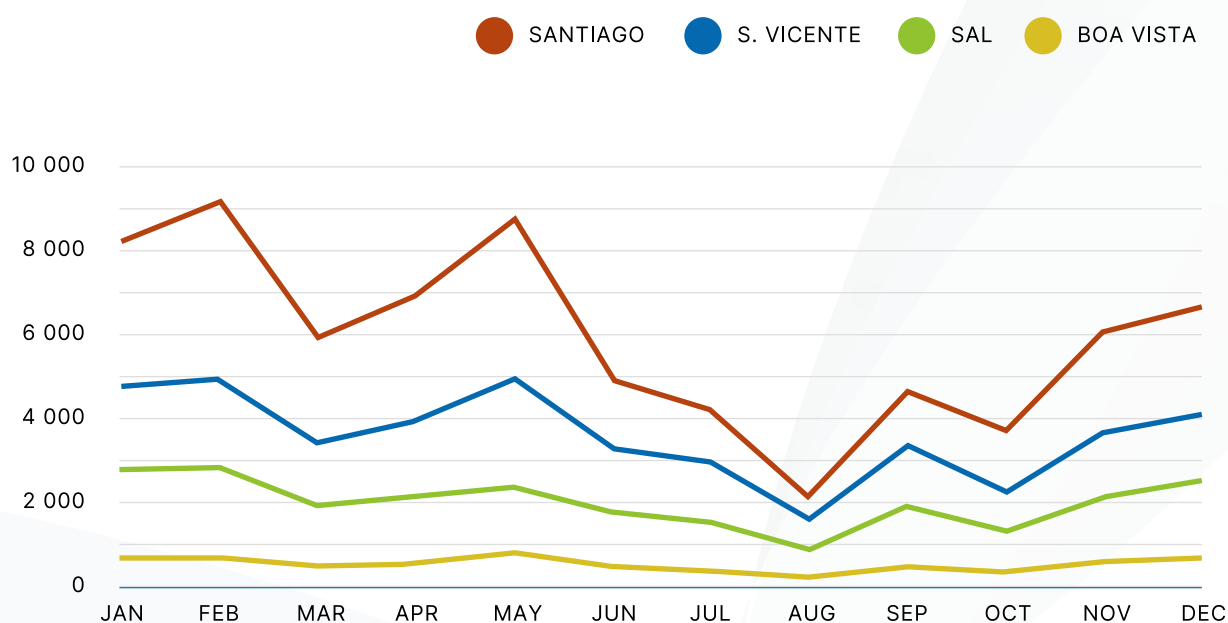


In 2023, the wind farm energy generation was essentially impacted by wind speed conditions, with a 5.6% reduction in potential available energy compared to the previous year. However, wind energy generation remained at the same level of the previous year, essentially due to the improvement of potential available energy use, especially in São Vicente and Boa Vista.

Energy generation reached 71 755 MWh, distributed as follows: 39% in Santiago; 27% in São Vicente; 25% in Sal and 9% in Boa Vista.

The total energy generation of the wind farms saw a slightly decrease of 0.7% when compared to the previous year due, essentially, to the reduction on wind speed conditions, mainly in Santiago and Sal of around 5.5% and 4.2%, respectively, despite the increase in potential available energy use index, from 77% in 2022 to 81% in 2023.

## Energy Generated (MWh)



The average annual penetration rate of the four wind farms is estimated at around 14% (15% in 2022), including Santiago with 11%, São Vicente with 23%, Sal with 23% and Boa Vista with 15%. The annual average availability was at 97.1% (95.9% in 2022).

Wind Farm	Installed Capacity	Energy Generated	Availability	Penetration Rate
	(MW)	(MWh)	(%)	(%)
Santiago	9.35	28 086	96.1	11
S. Vicente	5.95	19 313	97.9	23
Sal	7.65	17 740	95.0	23
Boa Vista	2.55	6 616	99.4	15
<b>Total</b>	<b>25.5</b>	<b>71 755</b>	<b>97.1</b>	<b>14</b>

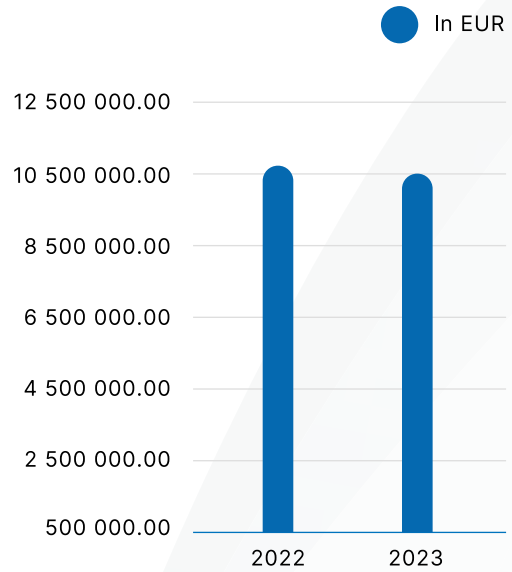
# COMMERCIAL PERFORMANCE

Cabeolica holds a Power Purchase Agreement (PPA) with Off-taker Electra, S.A. that remains in effect for a period of 20 years, beginning in 2012, and sets the necessary conditions for the sale of energy during this period.

The year of 2023, the twelfth continuous year of activity of the wind farms, proved to be a year of continuous recovery of the tourism sector, despite the lower wind conditions.

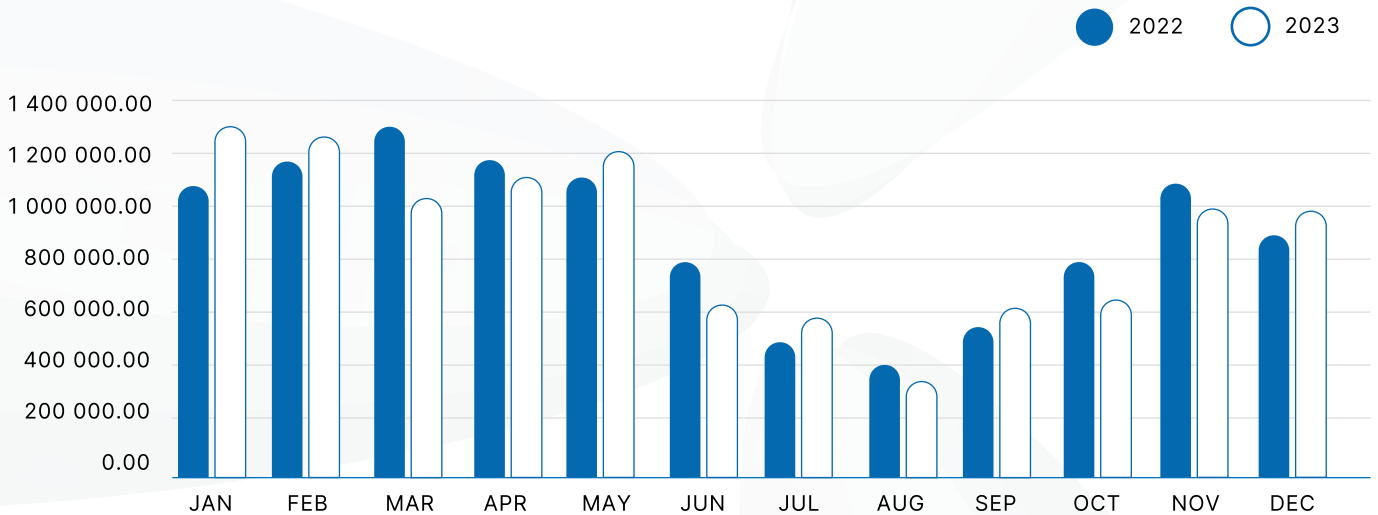
Cabeolica's electricity revenue in 2023 decreased by 1% when compared to 2022, due, essentially, to lower wind conditions (5.6% less potential available energy than in 2022). This slight decrease represents an exception to the long-term trend of slight - although sustained - growth in operational and commercial activity, following significant improvements achieved in the early years.

## Annual Electricity Revenues (in EUR)



The analysis of electricity revenue per wind farm highlights a slight decrease in the wind farm located in Santiago and Sal, due to lower wind conditions. Electricity revenue in São Vicente and Boa Vista wind farms remained basically at the same level.

## Monthly Electricity Revenues (in EUR)

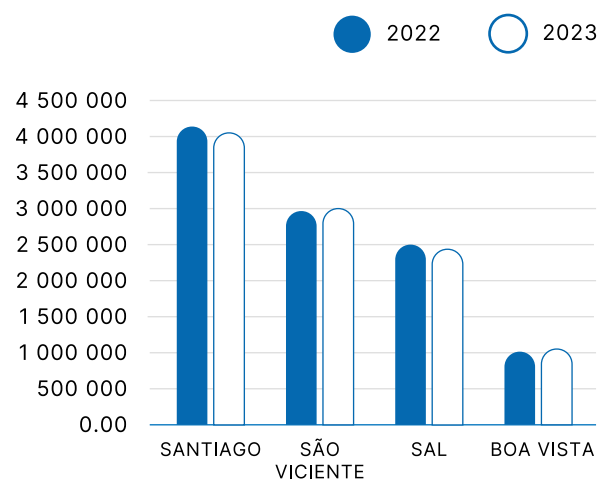


In addition to the positive performances of revenue and price competitiveness compared to conventional electricity generation, receivables experienced a considerable decrease of around 40% when compared to 2022, reflecting proactive actions and cooperation efforts on the part of Cabeolica and the Off-taker, Electra, S.A.

Despite the improvement, the overall financial situation of the Off-taker still deserves an increased attention, due to the impacts of the COVID-19 pandemic and the rise in the price of oil derivatives caused by geopolitical tensions since 2022.

## Electricity Revenues per wind farm

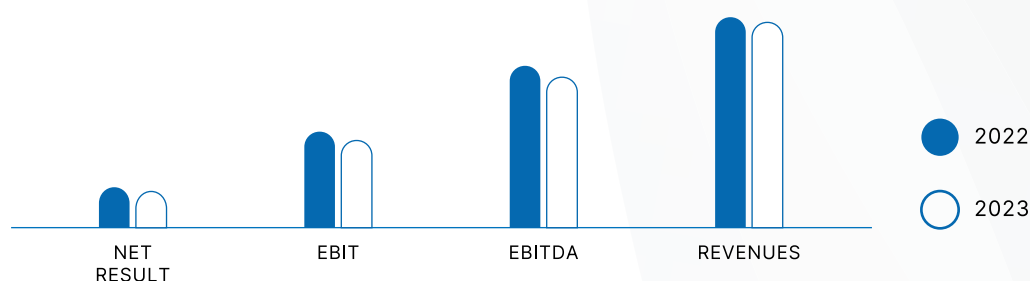
(in EUR)



## FINANCIAL PERFORMANCE

Cabeolica achieved positive results in 2023, however, this still represents a decrease when compared to the previous year and is justified, essentially, by the decrease in electricity sales mentioned in the previous chapter, increasing operational costs, maintenance and other expenses, essentially related to expansion project development costs, and a decrease in financial expenses related to the expected repayment of loans.

	EUR	
	2023	2022
<b>Income</b>		
Revenues (Electricity)	10 616 675	10 743 127
Other Revenues	590 577	277 773
	<b>11 207 253</b>	<b>11 020 900</b>
<b>Expenses</b>		
Operation, Maintenance and other expenses	-3 551 336	-2 955 236
Depreciation and Amortization	-3 130 031	-3 109 991
Financial Expenses	-2 034 500	-2 141 925
	<b>-8 715 867</b>	<b>-8 207 152</b>
<b>Results</b>		
EBITDA	7 655 917	8 065 665
EBIT	4 525 887	4 955 674
<b>Profit</b>	<b>1 933 213</b>	<b>2 147 165</b>



Due to the industry's uniqueness, Depreciation and Financial expenses still accounted for approximately 60% of the company's total expenses.

As there were no significant investments, namely in the expansion of the wind farms, the company registered again a decrease in the balance sheet total in 2023.

Non-current Assets correspond mainly to the four wind farms and respective transmission lines and to the project's development costs, while Liabilities consist essentially of the outstanding portion of the Investors and Lenders loans. Equity continued to increase in a sustainable manner with the annual increase of the reserves and less than 60% of liabilities correspond in fact to short-term responsibilities.

EUR		
Assets	2023	2022
Non-current Assets	25 267 499	28 582 656
Current Assets	11 451 185	10 876 815
	<b>36 718 684</b>	<b>39 459 471</b>
<b>Equity</b>		
Share capital	31 452	31 452
Other Equity Instruments and Reserves	12 891 301	11 575 453
Profit/(Loss) for the period	1 933 213	2 147 165
	<b>14 855 966</b>	<b>13 754 069</b>
<b>Liabilities</b>		
Non-current Liabilities	10 366 235	15 583 449
Current Liabilities	11 496 483	10 121 953
	<b>21 862 718</b>	<b>25 705 402</b>
<b>Equity + Liabilities</b>	<b>36 718 684</b>	<b>39 459 471</b>

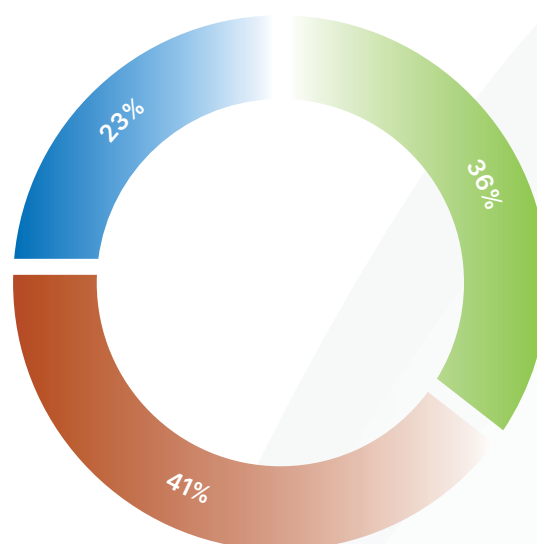
The cash flows reflect the positive performance of the 2023 financial year, but also the overall sustainability of the activity, confirming the company's ability to comply with all commitments and provide an acceptable return to investors.

## EXPANSION PROJECT

In 2023, Cabeolica completed all studies and presented the expansion project proposal to the Government of Cabo Verde, comprising the installation of 3 wind turbines with a capacity of around 4.5 MW each, representing an additional total capacity of 13.5 MW in Santiago wind farm and 2 battery energy storage systems (BESS) on the islands of Santiago and Sal. Furthermore, after entering and winning a public tender promoted by the Government, Cabeolica added 2 additional BESS for the islands of São Vicente and Boa Vista in its expansion project.

In addition to the environmental impact and the reduction of the country's vulnerability, this investment will make better use of the country's wind energy capabilities, contributing to an increase of renewable energy penetration rate from approximately 20% to 30% and significant annual savings for Electra and for the country.

## Total Expenses



- Financial Expenses
- Operation, Maintenance and other expenses
- Depreciation and Amortization

The main ratios in 2023 and 2022 are summarized in the table below:

Main Ratios	2023	2022
<b>Current ratio (Acid test)</b> Current Asset / Current Liabilities	<b>1.00</b>	<b>1.07</b>
<b>Debt to Equity</b> Liabilities / Equity	<b>1.47</b>	<b>1.87</b>
<b>Debt Service Coverage Ratio</b> Operational Cash Flow / Debt Service *1	<b>1.94</b>	<b>1.17</b>
<b>Average Collection period (days)</b> Receivables x 365 / Revenues (inc. VAT)	<b>90</b>	<b>146</b>
<b>Return on Assets</b> Operational Result / Assets	<b>12.3%</b>	<b>12.6%</b>

\*1 Considering only Lenders' loans

# 1.5

## OUTLOOK AND FINAL NOTES

### Activity Outlook

The overall assessment of Cabeolica's activity remains very positive and the priority goals remain related to improving debt collection efficiency, as well as managing and efficient monitoring of the existing wind farms' operation and maintenance, in order to maximize the use of available wind energy and ensure high-quality parameters of the energy produced.

However, over the past 12 years, Cabeolica has positioned itself as a leader in renewable energies in Cabo Verde and intends to continue to assume this role. For that, seizing new expansion opportunities is important, obviously subject to an in-depth and prudent analysis of each specific project. With this same vision and strategic positioning, in 2023, Cabeolica expanded its scope of business activity as a wind power producer to also incorporate energy storage.

The expansion project, which comprises wind power and energy storage, should allow the company to increase in size and maintain its leadership position, while other players should emerge and grow, especially in terms of solar photovoltaic and in other islands where the company does not operate, making the local renewable energy market more mature and robust.

For the year 2024 in particular, the geopolitical tensions continue to raise concerns and uncertainties for both global and local economic outlook. Cabeolica will continue to prudently approach these scenarios.

### Information Disclosure Note

In compliance with the Commercial Companies Code and in line with best practices, we also report additional information in the notes to the financial statements on: (i) the number and face value of shares; (ii) related parties and information on compensation of auditors and members of the corporate bodies and (iii) the exposure of Cabeolica to credit, liquidity, interest rate and foreign exchange risks, in notes 9, 24 and 1.10, respectively.

### Acknowledgment Note

To our lenders, the European Investment Bank and the African Development Bank and the other financial institutions, bank and insurance, we express our appreciation for the support and cooperation throughout the year of 2023.

To our partner, Electra, S.A., the Government of Cabo Verde and our suppliers of goods and services, we express our gratitude for the valuable technical and commercial cooperation.

To our auditor and our supervisory body, we acknowledge the accuracy of the services provided.



# 1.6

## EARNINGS DISTRIBUTION PROPOSAL

Having registered a net profit of EUR 1 933 213 and taking into account that the company's legal reserves are above the minimum required, its positive operational and financial performance, but also the uncertainty related to the pandemic and the war in Ukraine and the intention to continue to capitalize the company, the Board of Directors proposes to the General Assembly the following distribution for 2023 net profit:

- Transfer of 68% to Other Reserves – EUR 1 309 725.
- Transfer of 32% to Dividends – EUR 623 488.

Praia, March 22, 2024

## THE BOARD OF DIRECTORS

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**Kudzayi Hove** | Chair

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**Ayotunde Anjorin** | Director

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**Eluma Obibuaku** | Director

---

**Semih Gokmen** | Director

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**Ebbe Hamilton** | Director

---

**Luís Teixeira** | Director

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**Rito Évora** | Director



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Financial  
Statements

# BALANCE SHEET

## CABEÓLICA, SA

Edifício BAICenter, 2.º Esq.  
Avenida Cidade de Lisboa - Praia  
NIF: 256642044

### BALANCE SHEET AS AT DECEMBER 31, 2023 AND DECEMBER 31, 2022

(Amounts expressed in Euros - "EUR")

	Reference Date		
	Notes	Dec-23	Dec-22
		EUR	EUR
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible fixed assets	<b>3</b>		
Buildings and other constructions		27 691	33 073
Basic equipment		19 965 676	22 650 566
Transport equipment		82 446	62 246
Administrative equipment		6 471	12 813
Intangible assets	<b>4</b>		
Development projects		4 456 365	5 006 071
Computer software		2 977	2 718
Other intangible assets		725 873	815 169
Total non-current assets		<b>25 267 499</b>	<b>28 582 656</b>
<b>Current assets</b>			
Clients	<b>5</b>	2 997 036	4 946 436
Other accounts receivables	<b>6</b>	149 143	88 577
Deferred assets	<b>7 e 21</b>	140 300	174 356
Cash and banks deposits	<b>8</b>	8 164 706	5 667 446
Total current assets		<b>11 451 185</b>	<b>10 876 815</b>
<b>Total assets</b>		<b>36 718 684</b>	<b>39 459 471</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>9</b>		
Share capital		31 452	31 452
Supplementary payments and other equity instruments		119 703	119 703
Legal reserves		63 463	63 463
Other reserves		12 708 135	11 392 287
Profit for the year		1 933 213	2 147 165
Total Equity		<b>14 855 966</b>	<b>13 754 069</b>
<b>Total equity</b>		<b>14 855 966</b>	<b>13 754 069</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	<b>10</b>	-	290 003
Financing obtained	<b>11</b>	10 366 235	15 293 446
Total non-current liabilities		<b>10 366 235</b>	<b>15 583 449</b>
State and other public entities	<b>12</b>	477 249	795 781
Shareholders	<b>13</b>	637 000	207 829
Financing obtained	<b>11</b>	8 626 723	7 637 871
Other accounts payable	<b>14</b>	1 755 511	1 480 472
Total current liabilities		<b>11 496 483</b>	<b>10 121 953</b>
<b>Total liabilities</b>		<b>21 862 718</b>	<b>25 705 402</b>
<b>Total equity and liabilities</b>		<b>36 718 684</b>	<b>39 459 471</b>

# INCOME STATEMENT

## CABEÓLICA, SA

Edifício BAICenter, 2.º Esq.  
Avenida Cidade de Lisboa - Praia  
NIF: 256642044

### INCOME STATEMENT FOR PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023 AND FOR PERIOD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

(Amounts expressed in Euros - "EUR")

	PERIOD		
		2023	2022
	Notes	EUR	EUR
Revenues	15	10 616 675	10 743 127
<b>Gross operational profit</b>		<b>10 616 675</b>	<b>10 743 127</b>
External Supplies and Services	16	(3 114 229)	(2 398 779)
<b>Gross added value</b>		<b>7 502 447</b>	<b>8 344 348</b>
Personnel expenses	17	( 415 623)	( 382 501)
Other operating income	18	590 577	277 773
Other operating expenses	19	( 21 484)	( 173 956)
<b>Earnings before depreciation, interest and tax</b>		<b>7 655 917</b>	<b>8 065 665</b>
Depreciation and amortization (losses/reversals)	3 e 4	(3 130 031)	(3 109 991)
<b>Earnings before interest and tax</b>		<b>4 525 887</b>	<b>4 955 674</b>
Financial Income		-	-
Financial Expenses	20	(2 034 500)	(2 141 925)
<b>Profit/ (loss) before tax</b>		<b>2 491 386</b>	<b>2 813 749</b>
Income Tax	12	( 558 173)	( 666 584)
<b>Profit/ (loss) for the period</b>		<b>1 933 213</b>	<b>2 147 165</b>

<b>Profit for the period attributable to:</b>			
Equity holders		1 933 213	2 147 165
Basic earnings per share	22	557	619

# STATEMENT OF CHANGES IN EQUITY

CABEÓLICA, SA

Edifício BAI Center, 2.º Esq.  
Avenida Cidade de Lisboa - Praia  
NIF: 256642044

STATEMENT OF CHANGES IN EQUITY FROM 1 JANUARY 2023 TO 31 DECEMBER 2023  
AND FROM 1 JANUARY 2022 TO 31 DECEMBER 2022  
(Amounts expressed in Euros - "EUR")

DESCRIPTION	Notes	Share Capital attributable to equity holders						Total	Total Equity
		Capital	Supplementary payments and other equity instruments	Legal Reserves	Other Reserves	Profit for the year			
<b>POSITION IN THE BEGINNING OF 2022</b>	1	31 452	119 703	63 463	9 094 608	2 813 095	12 122 320	12 122 320	
CHANGES RELATING TO THE INCOME AND EXPENSES RECOGNISED IN THE PERIOD									
Profit for the year	2	-	-	-	-	2 147 165	2 147 165	2 147 165	
COMPREHENSIVE INCOME									
TRANSACTION WITH SHAREHOLDERS									
Distributions (Dividends)	3	-	-	-	-	(515 416)	(515 416)	(515 416)	
OTHERS TRANSACTIONS									
Transfer of the net result from previous year	4	-	-	-	2 297 679	(2 297 679)	-	-	
<b>POSITION IN THE END OF 2022</b>	1+2+3+4	31 452	119 703	63 463	11 392 287	2 147 165	13 754 069	13 754 069	
<b>POSITION IN THE BEGINNING OF 2023</b>	1	31 452	119 703	63 463	11 392 287	2 147 165	13 754 069	13 754 069	
CHANGES RELATING TO THE INCOME AND EXPENSES RECOGNISED IN THE PERIOD									
Profit for the year	2	-	-	-	-	1 933 213	1 933 213	1 933 213	
COMPREHENSIVE INCOME									
TRANSACTION WITH SHAREHOLDERS									
Distributions (Dividends)	3	-	-	-	-	(831 317)	(831 317)	(831 317)	
OTHERS TRANSACTIONS									
Transfer of the net result from previous year	4	-	-	-	1 315 848	(1 315 848)	-	-	
<b>POSITION IN THE END OF 2023</b>	1+2+3+4	31 452	119 703	63 463	12 708 135	1 933 213	14 855 966	14 855 966	

The Accountant

The CFO

The Board of Directors

# CASH FLOW STATEMENT

## CABEÓLICA, SA

Edifício BAICenter, 2.º Esq.  
Avenida Cidade de Lisboa - Praia  
NIF: 256642044

### CASHFLOW STATEMENT FOR PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023 AND FOR PERIOD FROM 1 JANUARY 2022 TO 31 DECEMBER 2022

(Amounts expressed in Euros - "EUR")

	PERIOD		
	Notes	2023	2022
		EUR	EUR
<b>Direct Method</b>			
<b><u>Cash flows from operating activities</u></b>			
Receipts from clients		12 252 301	9 786 727
Payments to suppliers		(2 649 007)	(2 079 674)
Payments to personnel		(396 557)	(377 609)
		Cash generated from operations	9 206 737
Payments/receipts of income tax		(130 692)	(385 909)
Other receipts and other payments	<b>8</b>	(392 551)	(1 043 354)
		Cash flows from operating activities (1)	8 683 494
<b><u>Cash flows from investing activities</u></b>			
<b>Payments relating to:</b>			
Tangible fixed assets		(98 879)	(6 051)
Intangible Assets		(3 220)	-
Other assets		-	(698 836)
<b>Receipts relating to:</b>			
Tangible fixed assets		-	5 270
Interests and other financial income		50 715	1 743
		Cash flows from investing activities (2)	(51 384)
<b><u>Cash flows from financing activities</u></b>			
<b>Receipts from:</b>			
Financing obtained	<b>11</b>	1 088 287	-
<b>Payments relating to:</b>			
Financing obtained		(5 268 355)	(4 410 363)
Interests and other financial expense		(1 554 851)	(1 737 225)
Dividends	<b>13</b>	(402 147)	(307 587)
		Cash flows from financing activities (3)	(6 455 175)
<b>Changes in cash and cash equivalents (1+2+3)</b>			
		2 495 045	(1 252 867)
<b>Exchange rates effect</b>			
		(937)	(187)
<b>Cash and cash equivalent at the beginning of the period</b>			
		524 496	1 777 550
<b>Cash and cash equivalent at the end of the period</b>			
	<b>8</b>	3 018 603	524 496

The Accountant

The CFO

The Board of Directors

# 3

## Reports of the Auditor and Supervisory

## INDEPENDENT AUDITOR'S REPORT

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying financial statements of Cabeólica, S.A. ("the Entity" or "Cabeólica"), which comprise the statement of financial position as at December 31, 2023 (showing a total of 36,718,684 Euros and equity of 14,855,966 Euros, including a net profit of 1,933,213 Euros), the statement of profit and loss by nature, the statement of changes in equity and the statement of cash flows for the year then ended, and the accompanying notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, the financial position of Cabeólica, S.A. as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with the general accepted accounting principles in Cape Verde.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section below. We are independent from the Entity and we have fulfilled other ethical requirements in accordance with the IESBA code of ethics.

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

#### Responsibilities of management for the financial statements

The management body is responsible for preparing financial statements that present the financial position, financial performance and cash flows of the Entity in a true and fair manner, in accordance with generally accepted accounting principles in Cape Verde, and for creating and maintaining a system of internal control that it determines is necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

When preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, where applicable, matters relating to going concern and using the going concern assumption unless it intends to liquidate the Entity or cease operations, operations, or have no realistic alternative but to do so.



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Type: Private Limited Company | Tax and CRC Registration no.: 501776311 | Share capital: € 981.020,00 | Head offices: Av. Eng. Duarte Pacheco, 7, 1070-100 Lisboa | Porto Office: Bom Sucesso Trade Center, Praça do Bom Sucesso, 61 - 13º, 4130-146 Porto

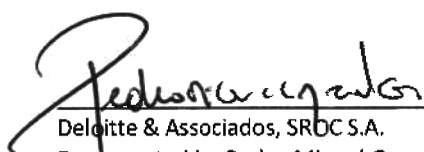
## Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatements, 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lisbon, March 22, 2024



Deloitte & Associados, SROC S.A.  
Represented by Pedro Miguel Gonçalves Carreira Mendes, ROC  
Registration in OROC n.º 1207  
Registration in CMVM n.º 20160818

# **Report and Opinion of the Supervisory Body**

To the Shareholders of Cabeólica, S.A

## ***Introduction***

1. The responsibilities of the Supervisory Body results from the combination of the provisions of article 22 of the Articles of Association and No. 1 of article 333 of the Commercial Companies Code.
2. This report describes the main activities carried out within the scope of our supervisory activity and the assessment of the Financial Statements for the period ended on December 31, 2023, which are prepared under the responsibility of the Company's Board of Directors.

## ***Supervisory Activities***

3. In the performance of our responsibilities as the Supervisory Body for the year 2023, we conducted the following activities:
  - a. We have accompanied the company's activity, through meetings with company's management, in which we requested and obtained the clarifications that we considered necessary and we were informed of the contents of the Minutes of the Corporate Bodies meetings;
  - b. We verified the compliance with the provisions referred in the Company's Articles of Association and with the applicable laws;
  - c. We verified the Budget and Action Plan for 2023 and the respective monitoring process carried out by management;
  - d. We became aware of the actions taken by the External Auditor and the respective report;
  - e. We reviewed the governance model and information prepared under the risk management of the Company, as well as the semi-annual communication to the Board of Directors within the monthly reports. We consider that we were thus able to review the operation and compliance of the risk management system.
  - f. We carried out tests to validate balances, transactions and other information to the extent and depth that we deemed appropriate due to the relevance of the amounts.

### **Director's Report Assessment**

4. The Directors' report allows a clear understanding of the business developments and the current status of the Company and complies with the legal requirements established in article 72 of the Commercial Companies Code.

### **Financials Statements Assessment**

5. The financial statements presented include: (i) the balance sheet, (ii) the income statement by nature, (iii) the statement of changes in equity, (iv) the statement of cash flows and (v) the corresponding notes to the financial statements.
6. We verified that the financial statements presented by the Board of Directors satisfy the formal requirements in accordance with the generally accepted accounting principles in Cabo Verde.
7. The financial statements were audited by Deloitte & Associados, SROC, who provided an unqualified auditor's statement.

### **Earnings distribution Proposal Assessment**


8. The earnings distribution proposal for the year included in the Directors' Report complies with the provisions of article 26 of the Company's Articles of Association and with the requirements of the Commercial Companies Code.

### **Supervisory body Opinion**

9. On this basis, the Supervisory Body gives a favorable opinion on the approval (i) of the Directors' report, (ii) of the financial statements and (iii) of the earnings distribution proposal

We also express our appreciation to the Board of Directors and the Company's management for the collaboration.

22 March 2024

  
Nikolai Alexis Delgado Barbosa  
(Certified Auditor N°40)





#### Contacts



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