

FRES annual report 2023

Stepping up
rural
electrification
to leave
no one behind





FRES Guiné-Bissau's Marketing and Sales Manager Fernando Almeida and Technical-Commercial Agent Nafi Bari carrying out an operational inspection at the home of customer Umaro Djauara. During their visit they spoke to Mr. Djauara's wife and evaluated the performance of the solar system installed in their home. The system provides sustainable energy for lighting and a fan, enhancing the comfort and quality of life for their family.

Photo previous page: Entrepreneur Chata Traoré proudly operates her shop in the village of Faramana, Burkina Faso, and uses two FRES solar systems to illuminate her space, power a freezer for cold storage of fresh fish and three refrigerators dedicated to chilled beverages.

We are FRES

A Dutch not-for-profit foundation powering a group of African companies that supply solar electricity to almost 21,000 customers in off-grid rural areas, including households, businesses, clinics, schools, and community centers. Combined, our activities touch the lives of over 2 million people.

With more than 200 technicians and service agents in the field, we maintain regional networks of solar home systems, nano grids, mini grids, village lighting, solar water-pumping, and productive use platforms.

We are on a mission to accelerate rural electrification by servicing customers across Africa, specifically in Mali, Burkina Faso, Uganda, and Guinea-Bissau.

WELCOME TO FRES UGANDA LTD Solar Energy Provider



FRES Uganda's technical team loading solar equipment into the company truck and verifying the delivery notes in preparation for field installations.

Contents

| | | | | | |
|---|----|-------------------------------------|----|--|----|
| Message from the board | 5 | | | | |
| 1 FRES at a glance | 10 | 2 Operational report | 17 | 3 Governance report | 39 |
| 1.1 Accelerating rural electrification to leave no one behind | 11 | 2.1 Local roots, global connections | 18 | 3.1 Our partners | 40 |
| 1.2 Touching the lives of millions in underserved areas | 12 | 2.2 FRES in numbers | 19 | 3.2 Leadership and governance | 42 |
| 1.3 Climbing the energy ladder | 13 | 2.3 FRES Mali – Yeelen Kura | 20 | 3.3 Risk management | 44 |
| 1.4 Providing energy as a service | 14 | 2.4 FRES Burkina Faso – Yeelen Ba | 24 | 3.4 Outlook 2024 and beyond | 47 |
| 1.5 Contributing to the Sustainable Development Goals | 15 | 2.5 FRES Uganda | 28 | | |
| | | 2.6 FRES Guiné-Bissau | 32 | 4 Financial report 2023 | 48 |
| | | 2.7 FRES The Netherlands | 36 | 4.1 Annual accounts 2023 | 49 |
| | | | | 4.2 OTHER INFORMATION | 72 |
| | | | | 4.3 Annex to the annual accounts 2023 | 73 |
| | | | | 4.4 Independent accountant’s review report | 77 |

Message from the board

FRES continued to make real impact in rural Africa

As the board of the Foundation Rural Energy Services (FRES), we are pleased to present our 2023 annual report.

Rural electrification in Africa continues to be an important issue, with about 600 million people in sub-Saharan Africa still without access to electricity. FRES delivers sustainable electricity in four countries to support socio-economic development and livelihoods in challenging rural areas on the continent. This is in line with achieving the UN Sustainable Development Goals (SDGs) by 2030.

At FRES, we take an innovative approach to uplifting rural societies through the provision of electricity. Our network of mini grids, nano grids, multifunctional platforms, and solar home systems creates an energy ecosystem as a backbone for sustainable development. We offer energy as a service to lower the customer adoption hurdle and to ensure sustained and sustainable equipment use. Moreover, our modular approach allows for 'grid preparedness'

in areas where expansion of the national grid is planned and cost-effective relocation/expansion of our systems.

Our systems provide electricity to households, facilitating the transition from expensive and polluting kerosene lamps. We address people's development needs by providing lighting and access to basic appliances such as cellphones and small refrigerators. With larger systems, we enable businesses to provide services to communities and create employment opportunities. Our mini grids and larger solar home systems support government and other institutions by providing electricity to schools, medical centers, and other key facilities. As such, we help communities to 'climb the energy ladder'.

With a business model based on providing energy as a service, we install and maintain solar systems for an affordable monthly fee. The benefits of our model are clear: customers gain access to energy without high upfront

investment. Moreover, our services are reliable, durable, cost-effective, sustainable, flexible, and modular. This means that we provide an infrastructure for our customers that is easy to access and gives them the flexibility to adapt the systems to their developing needs.

In 2023, we maintained our network of locally established and managed utilities. At year-end, we employed 202 people, 15% of whom were women. The small head office in The Netherlands provided oversight and expertise to our local management teams.

FRES managed 20,505 connections at the end of 2023.

A challenging performance

Our operating companies faced a challenging year. Their performance was influenced by, among others, climate change, political instability, excessive cost, scale disadvantages, and management changes.



FRES' first solarized multifunctional platform for an agro-processing center run by a local women's cooperative as well as a micro grid connecting 20 small and medium-sized enterprises (SMEs) and powering 15 streetlights in the village of Kouakoualé, Burkina Faso. FRES Yeelen Ba installed the 21 kWp platform in December 2022.



Our operations in Mali and Burkina Faso are sound but significantly impacted by political and social instability, increased cost, and – in the case of Burkina Faso – scale disadvantages. The Uganda operations showed a sharp improvement in performance towards the end of the year, following several internal changes. Our operations in Guinea-Bissau remain challenged due to local socio-economic factors and a need for further internal optimization.

In 2023, our actual sales performance exceeded the budget by 13.7%. However, this represented a 21.6% decline from the 2022 sales, primarily due to security instability in FRES Yeelen Ba in Burkina Faso and customer losses in FRES Guinée-Bissau caused by resource shortages. Despite these challenges, operational expenses decreased 16% compared to 2022. Despite an operational overall loss, our EBITDA and cash generation remained positive, though down 45% from 2022.

Operationally, before investments, Mali and Uganda showed strong operational cash generation, Guinea-Bissau was marginally positive, and Burkina Faso was just breakeven, mainly due to the impact of the deteriorated security situation in the country.

The annual financial statements were prepared according to Dutch Accounting Standard 650 for the annual reporting of fundraising institutions and were independently reviewed by Baker Tilly. The auditors provided us with a clean audit statement based on confirming the going concern plans for the group. A going concern note is included later in this annual report, indicating all activities currently underway to secure long-term sustainability of our local operations. Several years of challenging financial results have negatively impacted FRES' financial position and highlight the need for a strategic reorientation in 2024.

Focus on the long-term sustainability of our operations

Our operational focus across the organization remained on incremental growth and improving the financial performance of our companies. Our aim is to make each of our four companies financially sustainable and able to stand on its own. This means that, in addition to covering their own operational costs, they should be able to fully finance replacement investments and fund new growth. This performance should also enable them to build a growth investment reserve and/or show the financial performance

that allows for loans and/or equity investments from third parties. For some of our companies, additional scale along with improved performance is required.

We aim to continue improving the operational performance of our operating companies by investing in digitalization, operational improvements, and incremental growth.

Aspirational growth and funding needs

Our preferred 2024-2027 investment plans are focused on scaling and sustaining. At a network level, our ambition is upscaling our existing customer base by roughly 50% to about 30,000 connections. To further increase our impact, our long-term ambition is to grow to at least 40,000 connections by adding one or two more countries to our network.

To achieve this objective, an investment of \$10-20 million is needed over the period 2024-2027. This investment will allow FRES to have a long-term and lasting impact on the lives of up to 4 million people in rural areas in Africa.

Despite strong fundraising efforts during 2023, we have only been able to secure small –

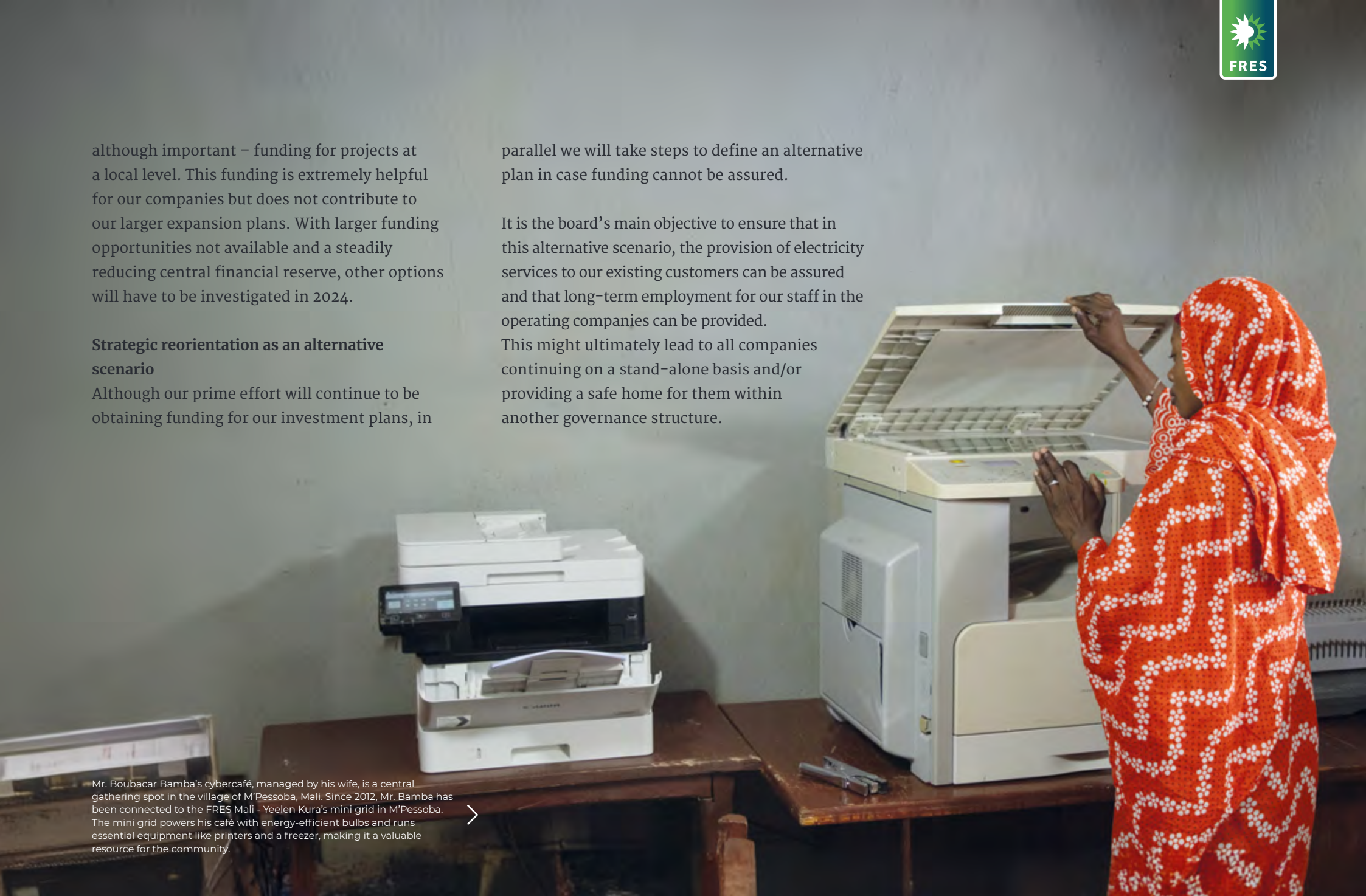
although important – funding for projects at a local level. This funding is extremely helpful for our companies but does not contribute to our larger expansion plans. With larger funding opportunities not available and a steadily reducing central financial reserve, other options will have to be investigated in 2024.

Strategic reorientation as an alternative scenario

Although our prime effort will continue to be obtaining funding for our investment plans, in

parallel we will take steps to define an alternative plan in case funding cannot be assured.

It is the board’s main objective to ensure that in this alternative scenario, the provision of electricity services to our existing customers can be assured and that long-term employment for our staff in the operating companies can be provided. This might ultimately lead to all companies continuing on a stand-alone basis and/or providing a safe home for them within another governance structure.



Mr. Boubacar Bamba's cybercafé, managed by his wife, is a central gathering spot in the village of M'Pessoba, Mali. Since 2012, Mr. Bamba has been connected to the FRES Mali - Yeelen Kura's mini grid in M'Pessoba. The mini grid powers his café with energy-efficient bulbs and runs essential equipment like printers and a freezer, making it a valuable resource for the community.



Mr. Modibo Diarra is a skilled carpenter and welder and valued customer of Yeelen Kura, benefitting from our minigrid service in the village of M'Pessoba, Mali. He employs this energy to power machinery for woodworking and to illuminate his workspace with various lights.



Board, management, and staff changes

Following the changes at board and management level as reported in our 2022 report, no further changes occurred during this reporting period. Ratidzo Michelle Makoni continues to lead the day-to-day activities of FRES as chief operations officer and chief financial officer (COO & CFO) and as a board member.

Benjamin Emiau was appointed as general manager of FRES Uganda, following his interim general manager role after the departure of the previous general manager.

Our focus for 2024

With the aim to continue to improve the lives and livelihoods of people in rural areas of the African

countries we operate in, we will focus on the long-term sustainability of existing operations. Ideally, we will achieve this within our current setting. However, the board will explore other opportunities for our companies when those show better long-term prospects.

Wim Plaizier – chair

Serge Leijten

Femke Smeets

Lidwien Schils

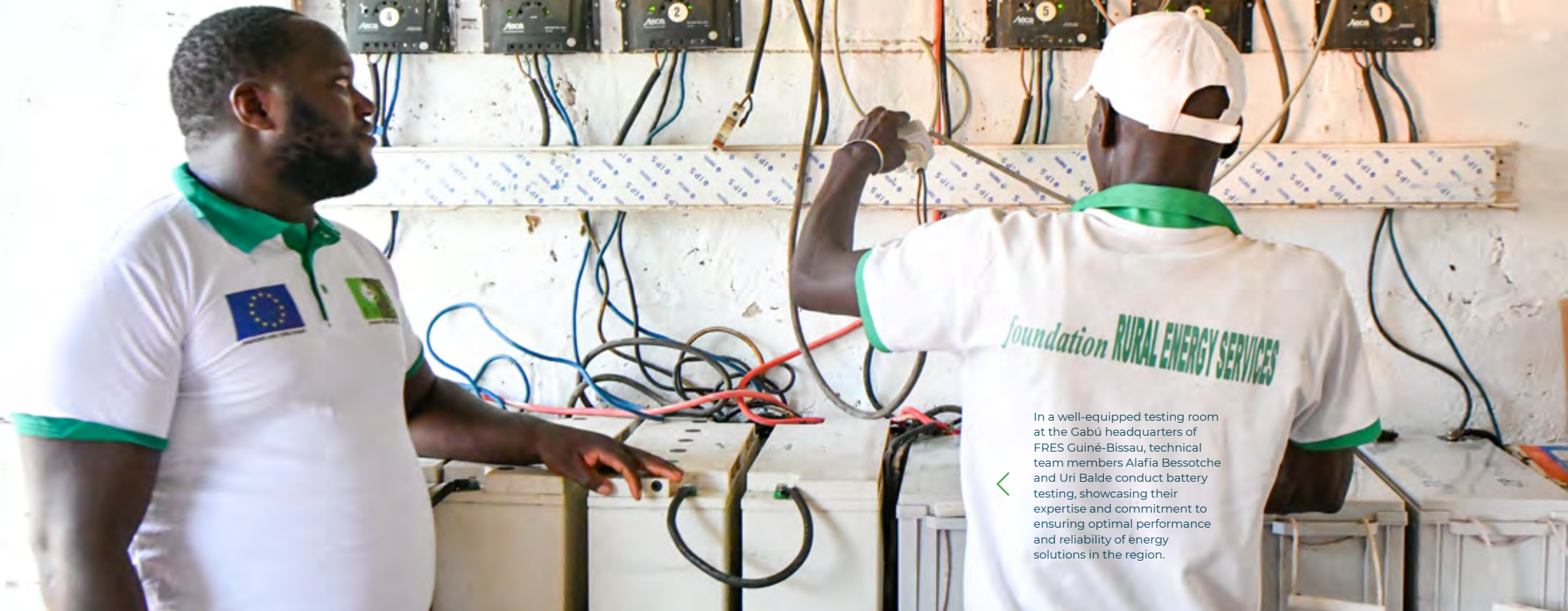
Sophie Dingenen

Tanja Pelle

Wim Sinke

Ratidzo Michelle Makoni – COO & CFO

1. FRES at a glance



◀ In a well-equipped testing room at the Gabú headquarters of FRES Guiné-Bissau, technical team members Alafia Bessotche and Uri Balde conduct battery testing, showcasing their expertise and commitment to ensuring optimal performance and reliability of energy solutions in the region.

1.1 Accelerating rural electrification to leave no one behind

With six years left to achieve the SDGs, the 2020s have been called the decade of delivery. As a key driver of sustainable development, access to clean, renewable energy is crucial for realizing not only the SDGs but also the core promise of the 2030 agenda to leave no one behind.

At the current pace of electrification, half a billion people – primarily living in rural areas of sub-Saharan Africa and the Sahel – will still be unserved in 2030. The scale and urgency of the challenge as well as the need to obtain long-term results that truly leave no one behind, mean we must step up our efforts.

As a pioneer in bringing off-grid solar energy solutions to rural Africa, FRES proves it can be done. Even in the most challenging areas that are at greatest risk of being left behind, FRES has become a trusted supplier of solar energy to businesses, communities, and households.

Central to our success is our belief in local entrepreneurship. FRES establishes commercial electricity companies under local management that gradually extend their reach from village to village and district to district. Our aim is for our companies to become financially sustainable in the long term. Expenses are kept to a minimum, and any profits our companies generate are reinvested locally to support relevant expansion and finance future asset replacements without subsidies. This proven growth strategy and our ‘boots on the ground’ approach set us apart and allow us to combine affordable

premium technology with ongoing professional maintenance.

From a single company in KwaZulu Natal, South Africa in 1999 which recently became self-reliant, we have replicated and further developed our model in Mali, Burkina Faso, Uganda, and Guinea-Bissau. Building on this track record of more than 20 years, we are currently gearing up to increase our presence in our current countries and aspire to add new countries to our network. We are looking for partners and donors to support and accelerate our work.

Our vision

Rural electrification that leaves no one behind. We envision universal clean energy access as an enabler for all other social and development goals and key to achieving these goals sustainably.

Our mission

Our mission is to accelerate electrification in rural Africa. We do this by establishing small-scale commercial electricity companies under local management in areas that have no access to a national or regional electricity grid and that are insufficiently served by commercial solar energy providers.

1.2 Touching the lives of millions in underserved areas

Since the launch of the SDGs in 2015, and specifically SDG 7, which aims to ensure access to affordable, reliable, sustainable, and modern energy for all by 2030, our four companies have nearly doubled their reach.

From 11,174 connections at the beginning of 2015, we currently serve almost 21,000 customers in underserved rural areas.

Our companies act as regional off-grid utilities. As such, they manage regional off-grid infrastructures, providing energy as a service not only to households and businesses but also to schools, clinics, and community centers.

Together, our companies touch the lives of over 2 million people through the reliable supply of electricity at home or work, greater availability of products and services that enable entrepreneurship, better security at night thanks to streetlighting, and improved access to education and healthcare.



Operate

4 companies

- Mali
- Burkina Faso
- Uganda
- Guinea-Bissau



Manage

16,000+ solar installations

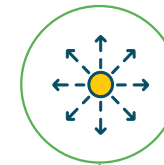
- 15 mini grids
- 16 nano grids
- 14,894 solar home systems
- 1,036 streetlighting points
- 2 solar water-pumping stations
- 2 multifunctional platforms



Service

20,000+ connections

- 15,952 households
- 3,108 businesses
- 289 schools
- 141 clinics
- 423 community buildings
- 4 cooperatives



Reach

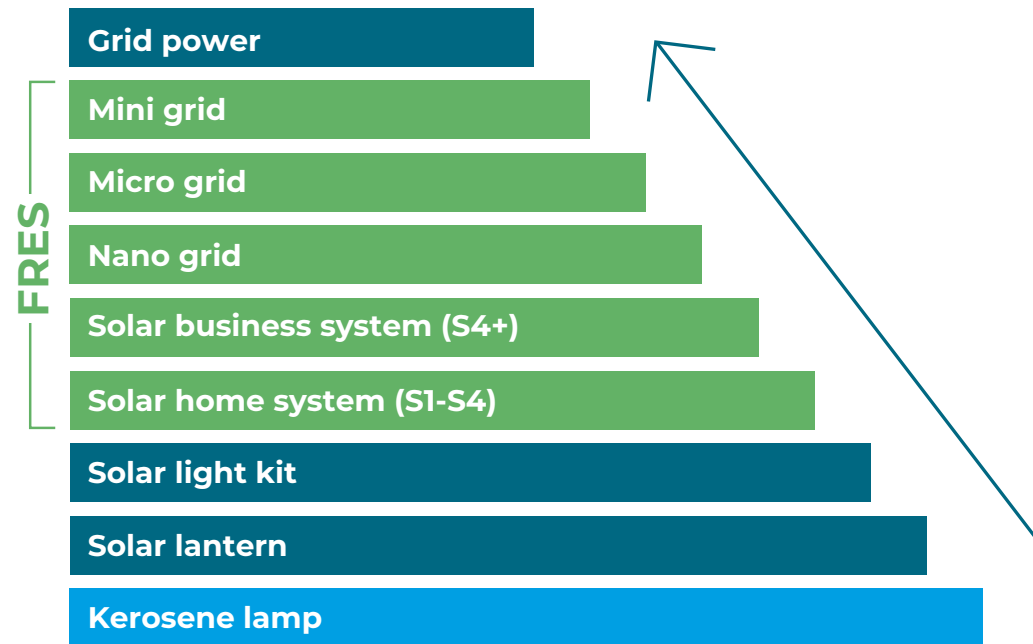
Over 2 million beneficiaries

- 95,260 household members
- 1,490,823 business customers
- 139,900 school children
- 183,575 patients
- 71,050 community members
- 400 women farmers

1.3 Climbing the energy ladder

FRES provides premium-quality electricity services for household, commercial, and productive use in rural areas not reached by the national grid. We focus on affordability for households living on \$2-3 a day, and for customers who are ‘climbing the energy ladder’ and require more capacity.

Our smallest solar home system (SHS) (S1) can power a small television while our largest SHS (S4) is suitable for refrigeration. Beyond the four preset levels, our technical teams can build fully customized solar business solutions and neighborhood networks (nano grids). For business hubs or villages, we can design, build, and operate micro grids or mini grids.



1 FRES at a glance

1.4 Providing energy as a service

FRES sees energy as a service. Our companies provide electricity based on a fee-for-service model. This means quick installation and no worries about maintenance for a fee that is generally cheaper than the cost of candles, batteries, paraffin, or kerosine. Plus: no emissions, harmful substances, or the risk of fires. Customers pay a monthly fee, increasingly using mobile payment, and can upgrade systems when needed.

FRES companies install and retain ownership of these systems, taking care of all after-sales maintenance and replacement investments. This ensures long-term, sustained use of the assets. FRES is also responsible for collecting and recycling old systems, thereby reducing waste and promoting circularity.

This model makes premium technology affordable to our customers and beneficiaries. To ensure our service levels remain high, we are currently upgrading the solar systems of our current customer base and converting them to next-generation batteries with faster charging speeds and greater durability.



1 FRES at a glance

1.5 Contributing to the Sustainable Development Goals

SDG 7

Affordable and clean energy

This SDG explicitly recognizes renewable energy as a key enabler for development. However, energy is crucial for achieving almost all 17 SDGs, from its role in eradicating poverty and advancements in healthcare, education, and water supply through to combating climate change. FRES' specific contributions to nine SDGs besides SDG 7 are detailed below.

SDG 1

No poverty

Access to energy services is a prerequisite for economic development and makes entrepreneurial activities possible beyond daylight hours. FRES contributes to fighting poverty by creating jobs in its own operations and by enabling small businesses to start up or expand.



1 FRES at a glance

SDG 2

End hunger

Access to efficient technologies and fuels is vital for the preparation of many staple foods. In addition, energy can improve agricultural productivity through irrigation and reduce food waste through activities such as cooling. FRES company Yeelen Kura operates two solar water-pumping stations serving a farmers' cooperative in Mali's Sikasso region. In Burkina Faso, Yeelen Ba has installed two solar-powered agro-processing plants for local cooperatives. FRES Uganda supports nearly 50 dairy farmers with energy solutions.

SDG 3

Good health and well-being

Energy is a key component of functioning health systems. For instance, it allows vaccines to be refrigerated and equipment to be sterilized. Over 140 healthcare facilities in rural areas rely on solar energy from FRES, benefiting 183,575 patients. Furthermore, replacing traditional lighting technologies such as kerosene lamps with clean fuel reduces the risk of respiratory diseases.

SDG 4

Quality education

Effective learning environments include access to electricity. FRES companies provide lighting to

schools and homes, making classes and home study possible, including in the evenings.

Electrification also enables the use of computers and laptops for educational purposes. Over 280 schools rely on solar energy from FRES, benefiting 139,900 students.

SDG 5

Gender equality

FRES explicitly promotes gender equality in its own companies. FRES Uganda currently leads the way, with 45% of management positions filled by women. In FRES The Netherlands, two out of three team members are women. Through its projects, such as solar water-pumping installations and agro-processing centers for women's cooperatives, FRES directly supports over 400 women and contributes to women's social and economic empowerment.

SDG 8

Decent work and economic growth

Linked to SDG 1 (no poverty), the production and commercialization of energy products and services creates jobs and allows businesses to flourish. In 2023, FRES directly employed 202 people and indirectly employed 289 people in its four companies and had 3,108 businesses as customers.

SDG 9

Industry, innovation, and infrastructure

Promoting sustainable industries and investing in innovation are key to finding lasting solutions to economic and environmental challenges, such as new jobs and energy efficiency. FRES establishes rural solar-powered entrepreneurial hubs that connect businesses and manufacturers via nano and micro grids.

SDG 12

Responsible consumption and production

Energy is crucial to reduce food losses along food supply and value chains via cooling, drying, milling, and so on. FRES' solar systems support these postharvest processes. In addition, the energy produced is renewable and does not contribute to global warming.

SDG 13

Climate action

Fossil fuel use is the primary source of carbon dioxide, which accounts for two thirds of all global greenhouse gas emissions. By generating a reliable supply of renewable energy, FRES is helping to combat climate change. FRES' total carbon dioxide (tCO₂) savings in 2023 accounted for 3,965 tCO₂.¹

¹ The CO₂ savings have decreased compared to previous years. To calculate its CO₂, FRES follows UN guidelines. The UN made several adjustments to the calculation method, resulting in a significant downward adjustment of the numbers.

2. Operational report

Entrepreneur Younfo Sawadogo (left) runs a shop in the village of Soungalodaga, Burkina Faso. He uses a FRES system to power a fridge that keeps his drinks cool, light his space, run a fan for comfort, and provide essential phone-charging services to the community. >



2 Operational report

2.1 Local roots, global connections

FRES accelerates electrification in rural areas of Africa by setting up commercial electricity companies under local management. We target remote and sometimes challenging areas that are at greatest risk of being left behind. We have operations in Burkina Faso, Guinea-Bissau, Mali, and Uganda. We aim to replicate our model in at least two new countries in the coming five years.

FRES’ small head office in Amsterdam, The Netherlands oversees and supports the activities of local companies in Africa. It provides the expertise and investments needed for them to start up, grow and, most importantly, become self-reliant. The head office is also responsible for the international procurement of hardware, maintaining relationships with donors, partners, and suppliers, and planning for expansion in new countries.

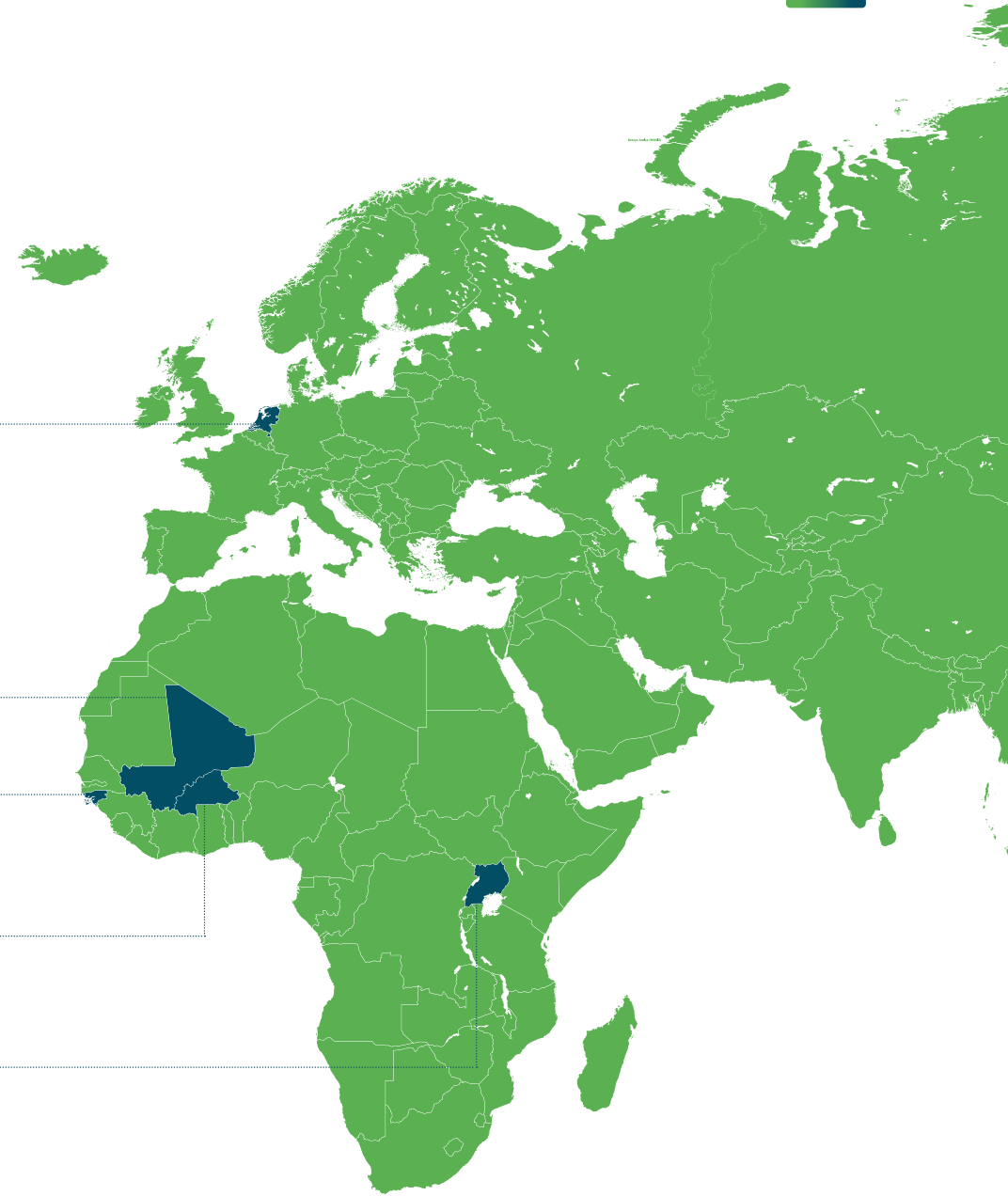
The Netherlands
Amsterdam

Mali
Koutiala

Guinea-Bissau
Gabú

Burkina Faso
Orodara

Uganda
Mbarara



2 Operational report

2.2 FRES in numbers

| Company | FRES Mali | FRES Burkina Faso | FRES Uganda | FRES Guiné-Bissau | FRES total |
|---|-----------|-------------------|-------------|-------------------|------------|
| Founded | 2001 | 2008 | 2010 | 2011 | |
| Number of customers ¹ | 10,065 | 2,687 | 5,272 | 2,481 | 20,505 |
| Solar energy capacity (kWp) | 1,510 | 280 | 1,036 | 330 | 3,156 |
| CO ₂ savings (tCO ₂ /yr) ² | 1,417 | 526 | 1,549 | 473 | 3,965 |
| Energy stores | 20 | 16 | 7 | 3 | 46 |
| Rural villages served | 158 | 397 | 850 | 543 | 1,948 |
| Installation types | | | | | |
| SHS | 4,931 | 2,678 | 5,272 | 2,013 | 14,894 |
| Mini grids | 14 | 0 | 0 | 1 | 15 |
| Public lighting points ³ | 986 | 15 | 0 | 35 | 1,036 |
| Nano grids | 5 | 7 | 0 | 4 | 16 |
| Solar water-pumping stations | 2 | 0 | 0 | 0 | 2 |
| Multifunctional platforms (MFP) | 0 | 2 | 0 | 0 | 2 |
| Customer segments⁴ | | | | | |
| Households | 9,314 | 2,062 | 2,514 | 2,062 | 15,952 |
| Businesses | 462 | 99 | 2,324 | 223 | 3,108 |
| Schools | 8 | 3 | 272 | 6 | 289 |
| Clinics | 22 | 50 | 52 | 17 | 141 |
| Places of worship | 26 | 20 | 107 | 9 | 162 |
| Government | 233 | 4 | 3 | 21 | 261 |
| Staff | | | | | |
| Direct employment | 65 | 29 | 60 | 48 | 202 |
| Indirect employment | 61 | 34 | 158 | 36 | 289 |
| Percentage women | 6% | 28% | 20% | 15% | 15% |
| Women in management | 11% | 25% | 45% | 0% | 23% |
| Staff younger than 35 | 49% | 66% | 77% | 60% | 62% |

- 1 The number of customers represents the number of installations that we have.
- 2 The CO₂ savings have decreased compared to previous years. To calculate its CO₂, FRES follows UN guidelines. The UN made several adjustments to the calculation method, resulting in a significant downward adjustment of the numbers.
- 3 Our mini grids always come with public lighting installations.
- 4 The customer segments show the type of customers we have and how many customers we have in each category. The numbers represented in the customer segment section do not indicate how many systems a customer has. Therefore, the total number of customer segments does not equal the number of customers we have. For example, one school can have installations in multiple locations. Since it is part of the same school, we only count one school. This has been considered in the customer count. The purpose of the customer segment section is to show the diversification of our customer base.

2.3 FRES Mali – Yeelen Kura



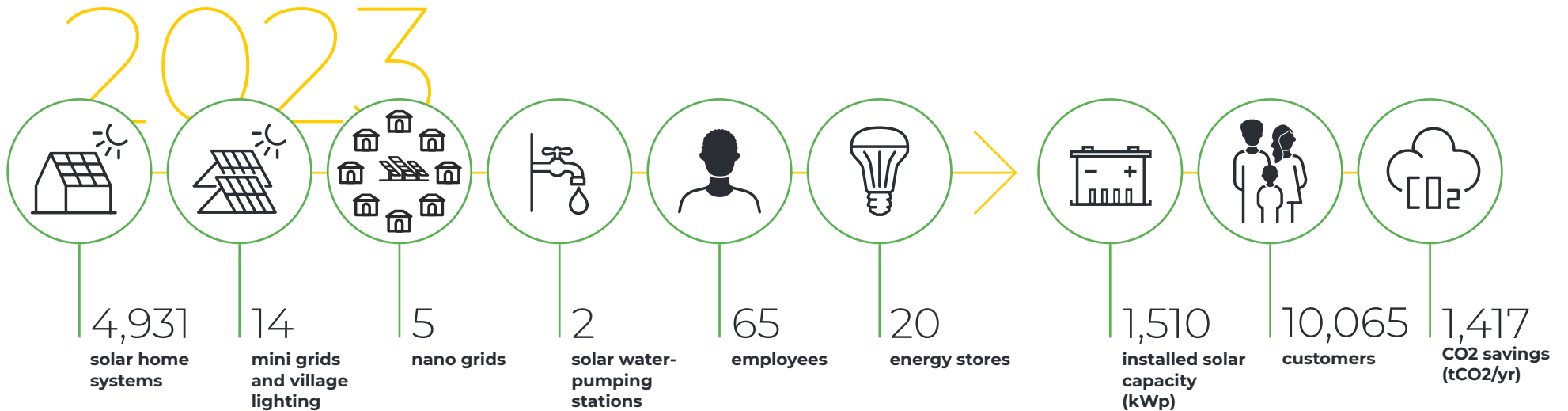
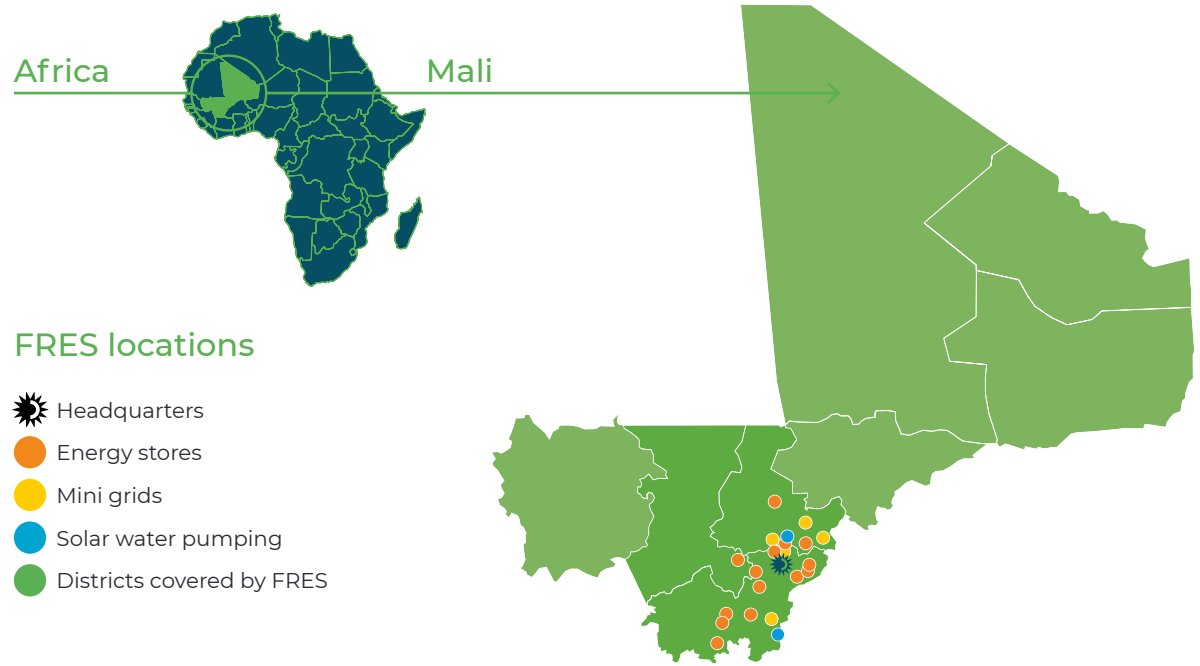
Koumantou's Community Health Center has been connected to the Yeelen Kura mini grid since 2011. It uses the energy to light essential spaces such as the consultation room, pharmacy, and laboratory. The mini grid also powers the center's refrigerators, ensuring that vaccines remain fresh. This reliable electricity supply not only enhances the quality of health services provided but also enables the center to extend its operating hours for the community's benefit.

2.3 FRES Mali – Yeelen Kura

Overview

Yeelen Kura, meaning ‘new light’ in Bambara, was established in the Sikasso region in 2001. It has since expanded to the neighboring regions of Ségou and Koulikoro. Besides SHS, the company operates 14 mini grids and two solar water-pumping stations.

In 2023, Yeelen Kura employed 65 people. At the end of the year, it had 10,065 customers (4,931 SHS customers and 5,091 solar mini grid customers) and 20 energy stores.



Highlights 2023

In 2023, FRES Mali – Yeelen Kura demonstrated resilience and adaptability amid challenges, achieving significant milestones despite unforeseen circumstances. The conclusion of a 15-year concessional agreement between the Government of Mali and Yeelen Kura in 2022 marked the end of the agreement’s term. This signaled the transfer of the five mini grids covered by this concession and the imminent connection of two of these mini grids, Kouri and Yorosso, to the national grid.

In preparation for this transition, Yeelen Kura did not prioritize major battery replacements for the five mini grids covered by the government concession. However, prolonged political instability in the Sahel region delayed the transfer of ownership of these mini grids back to the government. Despite the expectation of transfer and cessation of operations, Yeelen Kura continued to provide uninterrupted electricity services to its customers in these villages, utilizing diesel generators when necessary. This operational adjustment significantly affected cash flow. Nonetheless, the decision underscores Yeelen Kura’s commitment to customer welfare

and community service, displaying resilience and customer-centricity in navigating external challenges.

Notwithstanding these challenges, Yeelen Kura welcomed its 10,000th customer. It is the first FRES company to achieve this milestone, and the accomplishment was celebrated throughout the FRES network.

The RVO project awarded in June 2022 made good progress. It surpassed expected milestones, as we planned to connect 460 households and exceeded expectations by realizing 571 connections by the end of 2023, positioning Yeelen Kura as a standout success within the industry. Looking

ahead to 2024, the focus will shift toward securing local funding opportunities to ensure success and readiness for the next phase of expansion. This entails diversifying funding mechanisms beyond subsidies, preparing operations for sustainable growth and broader impact.

Yeelen Kura’s ability to adapt to evolving circumstances underscores its pioneering spirit, laying the groundwork for continued success despite challenges. With a commitment to innovation and community impact, Yeelen Kura remains a beacon of progress in the renewable energy landscape, poised to navigate future complexities with agility and determination.



“In the face of political challenges and funding uncertainties, our unwavering commitment to our customers and stakeholders remains steadfast. We persevere, ensuring continuity and delivering value despite adversity.”

Djibril Séméga
General Manager FRES Mali – Yeelen Kura, Mali

2.3 FRES Mali – Yeelen Kura



Yeelen Kura has inaugurated its first satellite office in Bamako. This expansion is complemented by the appointment of Fatoumata Tounkara as the company's first female external relations officer. Fatoumata has played a crucial role in improving our visibility in Bamako and securing funding for projects while gaining hands-on experience in renewable energy technologies through programs like the Young Experts Programme (YEP) in Amsterdam.



SUCCESS STORY

Satellite office opened in Bamako to support funding initiatives

In a groundbreaking development, Yeelen Kura, which has over two decades of service in the Sikasso region, has inaugurated its first satellite office in the country's capital Bamako.* This strategic move aims to bolster local funding initiatives and further extend the organization's impact and reach. An additional milestone accompanies this expansion: the appointment of Fatoumata Tounkara, Yeelen Kura's first female external relations trainee. Fatoumata's recruitment

marks a significant breakthrough for Yeelen Kura, which has historically faced challenges in recruiting and retaining female talent. Since joining FRES, Fatoumata has proven her mettle, actively contributing to securing various funding opportunities, including a successful Technical Assistance project aimed at fostering gender diversity within the Yeelen Kura team. Moreover, her participation in the Youth Expert Program (YEP) in Amsterdam and engagement

in numerous field activities have provided her with invaluable hands-on experience in diverse technical domains such as mini grids, SHS, and solar water-pumping technologies. Fatoumata's journey exemplifies Yeelen Kura's commitment to innovation, empowerment, and diversity, laying the groundwork for a brighter, more inclusive future.

*FRES Mali's satellite office is located at Immeuble Kaziko ACI 2000, Rue 408, Porte 185 Bamako, Mali.

2.4 FRES Burkina Faso – Yeelen Ba



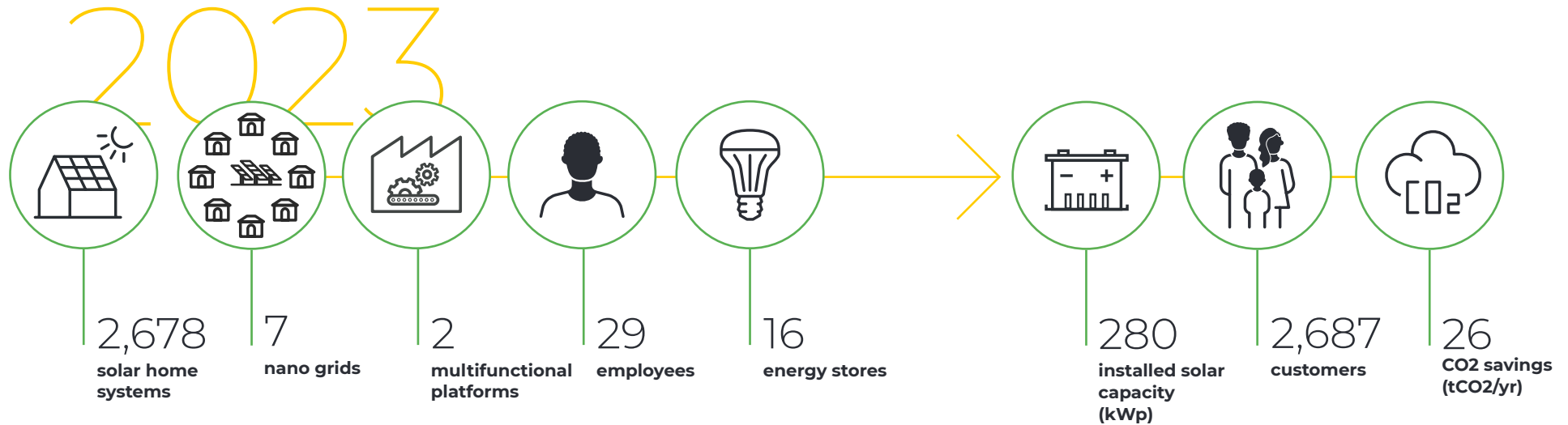
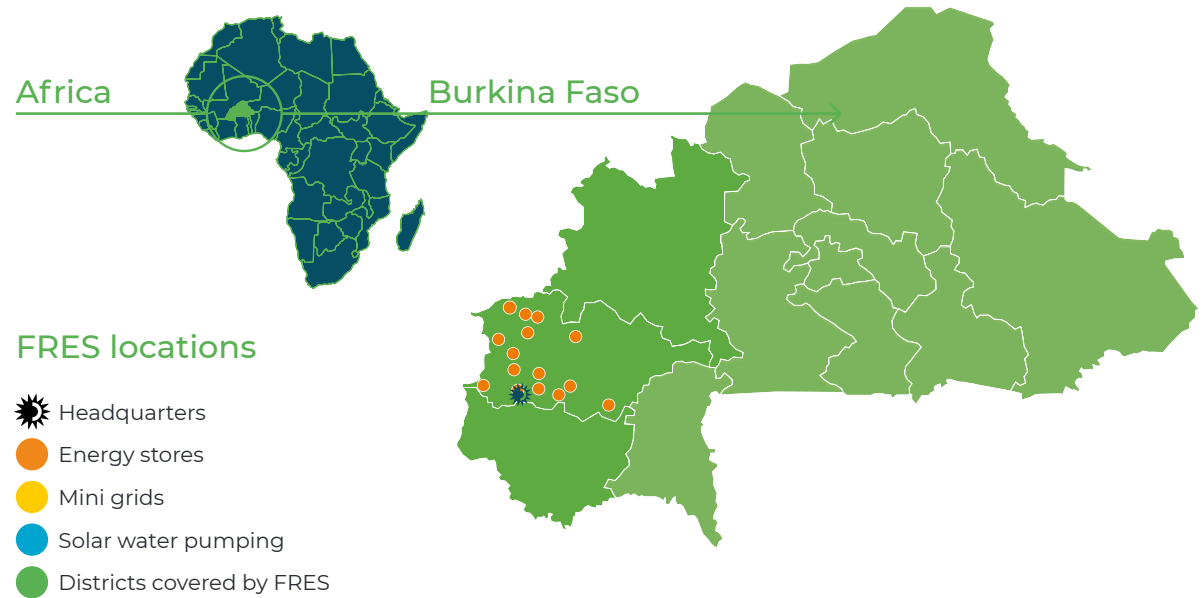
New FRES Burkina Faso – Yeelen Ba head office. In response to changing environments in Burkina Faso, a strategic decision was made to relocate our headquarters in December 2023 to Bobo Dioulasso, the second largest city in Burkina Faso.

2.4 FRES Burkina Faso – Yeelen Ba

Overview

Yeelen Ba, meaning ‘great light’ in Bambara, was established in 2008 in Kéné Dougou, the eastern province of the Hauts-Bassins region. After expanding to Houet, the company is now extending its service to the neighboring regions of Boucle du Mouhoun and Cascades.

In 2023, Yeelen Ba employed 29 people. At the end of the year, the company had 2,687 SHS customers and 16 energy stores.



Highlights 2023

In 2023, FRES Burkina Faso faced significant challenges due to the growing security concerns and political instability in the Orodara region, situated in the southwest of the country. In response to these changing environments, a strategic decision was made to relocate our headquarters to Bobo Dioulasso, the second largest city in Burkina Faso. This move, executed in December 2023 after year-long planning, ensured continued services to our SHS customers and heightened security for our personnel. Effective communication with existing customers was prioritized throughout the transition.

Tragically, over 500 of our customers were forced to flee their homes and businesses due to the presence of terrorists in their regions. Although limited, our dedicated teams, who are deeply embedded in the communities, remained resolute in their efforts to support our customers, providing service to the best

of their abilities while securing our assets in the field. However, amidst these challenges, a beacon of hope emerged as most of our customers who returned home when peace was restored requested the continuation of our services. This serves as a testament to our mutual commitment and excellent customer service. To accommodate returning customers, we provided modified and eased payment options, demonstrating our flexibility and dedication to serving our communities.

Furthermore, the relocation to Bobo Dioulasso was driven by the growing demand from business customers in need of productive use energy (PUE) solutions. These customers, located in and around the city of Bobo, are the backbone of rural development, contributing to job creation and the development of essential infrastructure. FRES Burkina Faso is seizing this opportunity to become

the leading provider of tailored energy solutions for SMEs, thus opening new avenues for supply and research and development.

In 2023, FRES Burkina Faso also joined forces with Geres and ADA Luxembourg, two development NGOs, to launch a capacity-building pilot project, empowering the entrepreneurs in Kouakoualé who are connected to the micro grid FRES Burkina Faso established in 2022. The project aims to boost the growth and development of businesses using FRES Burkina Faso’s energy services, particularly those engaged in PUE, by providing targeted support and training to enhance their entrepreneurial skills.

Looking ahead to 2024, our commitment remains steadfast in expanding our service reach, enhancing customer support, and innovating to address the evolving needs of our cherished customers and communities. Moreover, we pledge to forge impactful partnerships to access local funding, facilitating the fulfilment of our promises to customers. These partnerships encompass collaborations with financial institutions, notably microfinance entities, aimed at serving our burgeoning SME clientele.



“In the midst of ongoing turbulent environments and supporting internally displaced customers, we stand resilient. Our commitment to our customers remains unwavering. Trust us to illuminate your path forward.”

Louis San dit Traoré
General Manager Yeelen Ba, Burkina Faso

2.4 FRES Burkina Faso – Yeelen Ba

Caisse Populaire, a community bank in Orodara, uses a large FRES system to power several appliances such as fans, lighting, and computers. Not only does the system provide reliable and efficient energy access, even in an area connected to the national grid, but it also enhances the overall banking experience for clients.



SUCCESS STORY

Larger systems set a new standard in renewable energy provision and bolster customer referrals

Yeelen Ba has spearheaded the installation of larger SHS with generating capacities ranging from 1 kWp to 2.5 kWp, setting a new standard in renewable energy provision in Burkina Faso. A prime example is Caisse Populaire, a community bank in Orodara that chose to switch to Yeelen Ba despite being connected to the national grid. The decision stemmed from the unreliability of the grid, as the bank could

not afford the disruption and downtime this caused.

The bank's management has been so satisfied with Yeelen Ba's services that they have recommended the company to other branches of Caisse Populaire in the region. As a result, five other branches are currently in the process of becoming customers. This success underscores

Yeelen Ba's commitment to provide reliable and efficient energy solutions, driving positive impacts beyond its usual clientele. The bank's clients enjoy a pleasant waiting area with fans, enhancing their banking experience, while staff benefit from improved working conditions and productivity. This holistic energy approach reflects Yeelen Ba's commitment to enhancing lives and promoting sustainable development.

2.5 FRES Uganda



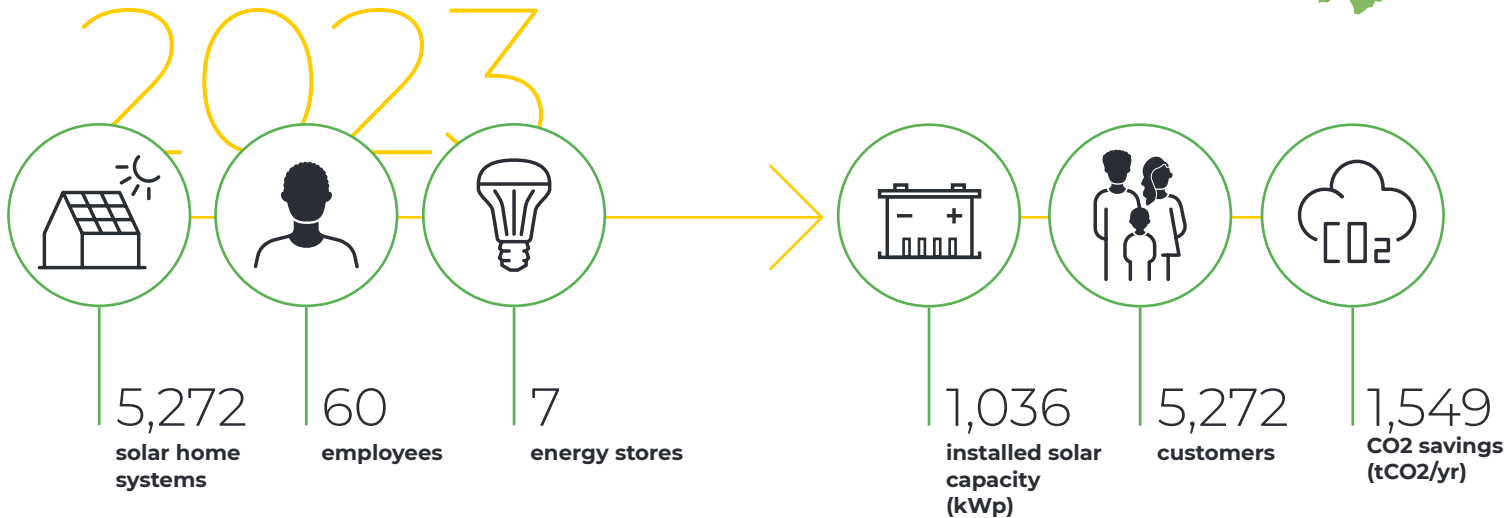
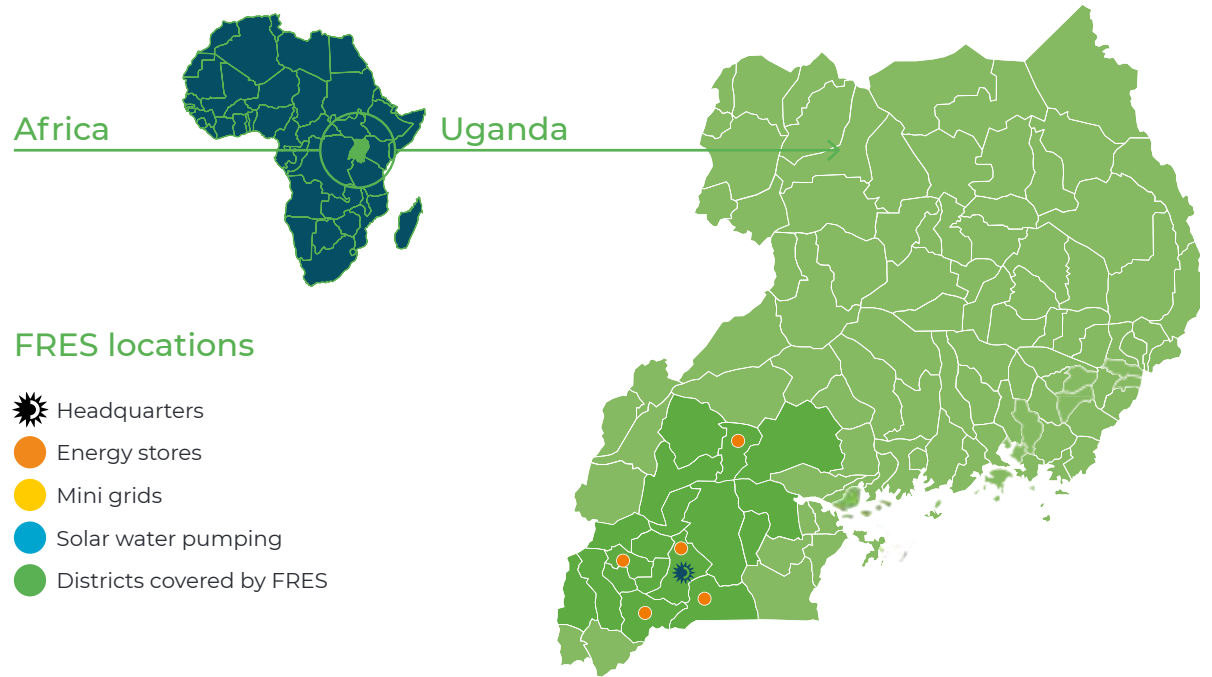
FRES Uganda customer Japhet Barusibiraho runs a thriving tailor shop in the Rwamwanja refugee settlement, located in western Uganda's Kamwenge District. He employs three women, supporting not only his community but also driving economic growth. Thanks to his S4+ solar system, Japhet can operate three electric sewing machines, power a television set, and provide charging services for customers' phones, enhancing the overall customer experience. The FRES system has empowered Japhet to maximize his business profits while creating employment and improving lives within the settlement.

2.5 FRES Uganda

Overview

From its beginnings in Mbarara district in 2010, FRES Uganda has grown rapidly and now covers 38 districts in southwestern and central Uganda. Two thirds of the company's SHS users are businesses while one third are households. It also serves customers living in three refugee camps.

In 2023, FRES Uganda employed 60 people. At the end of the year, the company had 5,272 SHS customers and seven energy stores.



Highlights 2023

In 2023, FRES Uganda reached significant milestones despite challenges, positioning itself for future growth through a focus on operational excellence. By prioritizing customer satisfaction and actively pursuing the acquisition of new customers, the company laid the foundation for sustainable expansion. Notably, tariffs were adjusted to address inflationary pressures while maintaining affordability for consumers, thereby ensuring financial viability. A comprehensive restructuring of personnel coupled with full digitalization of operations enhanced efficiency and service delivery, integrating mobile money payments and pay-as-you-go switches across all systems.

Throughout these changes, effective communication with customers remained a top priority, fostering transparency and trust. In addition to these internal enhancements, FRES Uganda successfully executed impactful projects. These include the GIZ-funded milk-cooling initiative, benefiting 58 farmers by extending milk shelf life and boosting revenue. Moreover, the electrification of 130 schools in Uganda’s western region through the SNV schools project

underscored FRES Uganda’s commitment to community development and education.

Nevertheless, supporting businesses reliant on energy services posed challenges such as lack of business development knowledge and access to energy-efficient equipment. In response, FRES Uganda is proactively seeking collaborations with rural development organizations to offer holistic support, encompassing skills development, and empowering businesses to maximize the benefits of energy services.

Looking ahead to 2024, FRES Uganda is poised for further expansion and innovation. Plans include implementing larger-scale solutions for milk cooperatives and partnering with agribusiness players to provide productive use energy appliances to farmers and SMEs, driving economic empowerment and sustainable growth in rural communities. Through strategic collaborations and a commitment to customer-centric practices, FRES Uganda is well-positioned to make a meaningful impact on livelihoods and contribute to the development of Uganda’s rural economy.



“In 2023, FRES Uganda led impactful results-based financing projects, enhancing our visibility. As we move forward, fueled by our successes, we’re committed to seeking new funding for expansion.”

Benjamin Emiau
General Manager FRES Uganda

2.5 FRES Uganda



The Kitagata High School in Bushenyi in Uganda has been using FRES solar systems since 2016. The school accommodates around 450 students and uses our systems to light the classrooms and power essential facilities like the computer lab and printing equipment.

SUCCESS STORY

Supporting schools and improving the quality of education with better systems

Kitagata High School is a shining example of the transformative power of sustainable energy solutions. Since 2016, the school, which accommodates 450 students, has relied on FRES solar systems from S1 to S6 to power various aspects of its operations.

With FRES systems in place, the school not only ensures adequate lighting for classrooms but also powers essential facilities like the computer lab and printing equipment and provides

entertainment for its students. This integration of solar technology has not only enhanced the learning environment but also contributed to the school's overall efficiency and sustainability.

Moreover, the school's visionary leader has expressed a desire to further harness renewable energy by utilizing FRES' support to acquire a water-pumping system. This demonstrates the school's commitment to maximizing the benefits of clean energy across all facets of school life.

In a region where traditional hydroelectric power sources are scarce, if not nonexistent, Kitagata High School stands out for its reliability and innovation. As neighboring areas grapple with the erratic supply of the national grid, Kitagata High School knows it can rely on its FRES infrastructure. The school's success serves as an inspiration, showcasing how embracing renewable energy not only meets current needs but also future-proofs institutions against the uncertainties of conventional energy sources.

2.6 FRES Guiné-Bissau

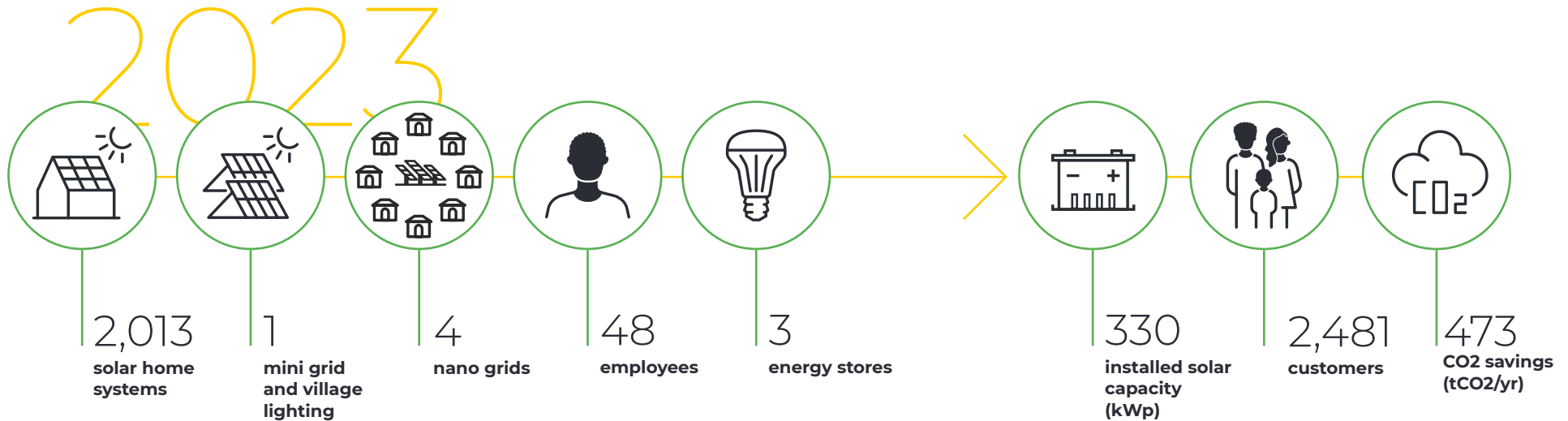
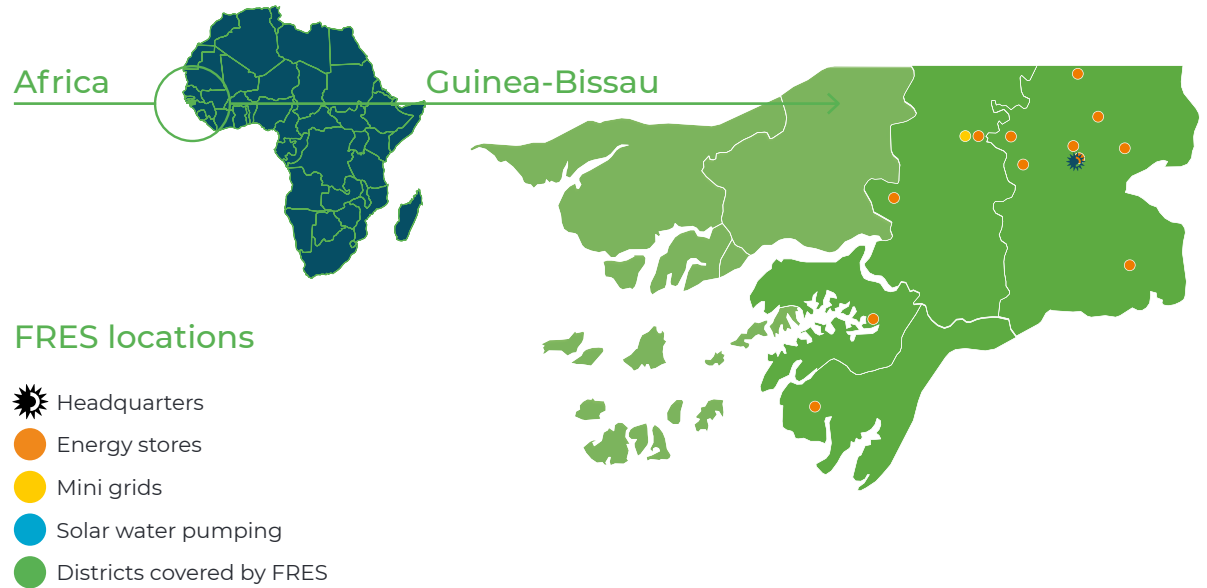


← The Sam Bontche Driving School uses an S4 system to light its classrooms and school administrative services. Sam Bontche, who is the school's director, also uses the system for his household as he lives in the apartment next to the school.

Overview

FRES Guiné-Bissau was founded in 2011 and initially operated in the eastern Gabú region. Following expansion in recent years, the company now covers the whole southwest of the country. Since 2017, it has operated a mini grid in Contuboe, Bafatá.

In 2023, FRES Guiné-Bissau employed 48 people. At the end of the year, it had 2,013 SHS, four nano grids, 464 mini grid customers, and three energy stores.



Highlights 2023

FRES Guiné-Bissau has faced significant financial and operational challenges in recent years. In 2023, the primary focus was on restructuring and optimizing operations. The restructuring plan was implemented in the first half of the year, unfortunately resulting in a 50% reduction in headcount. As the year progressed, a comprehensive turnaround plan was necessary to improve operations, increase performance and revenue, and reduce high operational costs. This turnaround led to some improvements.

Regrettably, we experienced a substantial reduction in our customer base in 2023 due to insufficient funds, stock, and equipment. This

hindered our ability to conduct replacements and caused customers to leave. However, we are confident that we will progress towards growth from 2024 onwards, as outlined in the ongoing turnaround plan.

FRES Guiné-Bissau has invested considerable time and effort in digitalization. We conducted a thorough data cleaning exercise, allowing us to implement and further leverage the PayGo platform. The installation of PayGo switches, along with our accounting platform, has significantly contributed to managing a cleaner customer base. Continuous improvements are being made in this area, including upskilling field

staff to have updated information on the PayGo platform before visiting customers.

One of the key highlights for FRES Guiné-Bissau in 2023 was increased visibility, partnerships, and stakeholder alignment. Our efforts improved our organizational profile, leading to invitations for local funding activities. We opened a satellite office in the capital, Bissau, to maintain visibility within our partner and stakeholder community. We have strengthened relationships with key partners and stakeholders, including the Government of Guinea-Bissau, local funders, and other NGOs seeking partnerships with FRES Guiné-Bissau. We were also selected as a primary stakeholder for renewable energy for the EXPO 2023 DOHA-QATAR Project, further proving that FRES Guiné-Bissau is recognized as a significant energy provider in Guinea-Bissau with a proven track record.

Looking ahead to 2024, we will continue to improve our operations, upskill our team, meet our customers' needs, and contribute to the development and progress of the people of Guinea-Bissau.



“To invest in renewable energies is to provide rural populations with well-being and improvement in their lives, promoting the social and economic development of their communities. In Guinea-Bissau, the social satisfaction with and the impact of this investment are immeasurable.”

Romi de Matos

General Manager FRES Guiné-Bissau

2.6 FRES Guiné-Bissau

Dr. Mamadu Buaro attending to a patient in Gabú, where the Arco Iris Clinic has proudly partnered with FRES Guiné-Bissau since 2022. Equipped with an S4 solar system, the clinic efficiently supports a computer, a fan, and essential lighting, delivering improved healthcare in the community.



SUCCESS STORY

Powering rural healthcare through reliable solar energy

FRES Guiné-Bissau provides solar energy to 289 businesses, including hospitals, pharmacies, and health centers. As a result, thousands of people in rural communities have access to healthcare. FRES Guiné-Bissau has been supporting 22 healthcare units (17 pharmacies and five clinics),

positively impacting the lives of 8,250 people. One of these units is the Arco Iris Clinic in the town of Gabú. The clinic has one doctor, one nurse, and one analyst who face regular logistical and material difficulties but still manage to serve an average of 200 people per month. The clinic has

been a FRES customer since 2022. It has received continuous support from the FRES Guiné-Bissau team to ensure it can continue to contribute to the well-being and development of the local population. The clinic uses an S4 system for lighting, a computer, and a fan.

2.7 FRES The Netherlands



◀ FRES' technical advisor Martijn Schootstra visited Mbarara to train our FRES Uganda technical team, thanks to support from Professional people for positive impact (PUM). At FRES, we are all about keeping our skills sharp to ensure our operations run smoothly and we deliver top-quality energy services.

Highlights 2023

In 2023, building upon the outcomes of 2022, our focus revolved around enhancing operational efficiency, intensifying fundraising endeavors, and maximizing digitalization across our local operations. The Amsterdam team collaborated closely with each FRES company to devise self-sustaining business plans, showcasing their internal resources, and preparing them for future self-reliance.

Notably, significant strides were made towards operational excellence, with particular praise for FRES Uganda’s successful completion of a restructuring process. Following a thorough internal audit, a new management team was instated in the third quarter, marking a pivotal step towards restructuring. Not only did FRES Uganda successfully streamline its operations, but it also surpassed financial targets by reducing costs. Moreover, the company was able to procure a new vehicle using its own funds.

The implementation of PayGo continued across all FRES companies, with ongoing efforts to enhance platform efficiency. FRES Uganda led the charge in optimizing the customer relationship

management platform, underscoring the importance of continually upskilling end-users at the local level. Challenges persist in FRES Yeelen Ba, where security concerns are impeding the completion of the switch installation exercise. Progress in FRES Guiné-Bissau, while promising, faces delays due to financial constraints, with the switch installation projected to extend into 2024.

Our fundraising endeavors saw marked improvements, thanks in part to the collaboration with an external funding expert specializing in the energy sector. This partnership has expanded our network of stakeholders and heightened our engagement in key conversations, enhancing visibility and opportunities for support.

While profitability remains a work in progress for our companies, it is heartening to note their positive cash flows, signaling a departure from dependence on FRES The Netherlands for financing capital expenditures. To bolster our companies’ longevity, the board approved financing for battery container procurement. A technical assessment highlighted the urgent need for battery replacements among our oldest clients to maintain customer satisfaction and prevent revenue loss.

Moving forward, our commitment to providing our teams with essential support, skills, and training remains paramount to the Amsterdam team’s agenda, ensuring continued growth and sustainability across our operations.



“Focusing on operational efficiency, financial sustainability, and local empowerment, FRES continues its journey towards self-reliance. Through collaboration and innovation, we are paving the way for a brighter, more sustainable energy future.”

Ratidzo Michelle Makoni
COO & CFO FRES The Netherlands



In a major milestone for FRES Mali, Siaka Diabaté became Yeelen Kura's 10,000th customer in December 2023. With our energy system, he now enjoys reliable power for lighting, television, and phone charging, significantly improving his household's quality of life.

SUCCESS STORY

Celebrating 10,000 customers in Mali

In December 2023, Diabaté Siaka became Yeelen Kura's 10,000th customer. Having provided access to energy for over 20 years, this is a significant milestone and makes our Mali company the oldest and largest within the FRES network.

Diabaté is a retired teacher who now directs

a private school and runs a poultry business from home. Living in a newly developed neighborhood where the national grid is yet to be established, he previously relied on solar kits from the local market. However, frequent breakdowns and the limited lifespan of these devices prompted him to switch to Yeelen Kura,

which he says guarantees him 24/7 electricity access. His children can study uninterrupted by power cuts, the family enjoys their evenings together in front of the television, and their phones are always charged. This transition has significantly enhanced their quality of life.

3. Governance report



FRES Uganda General Manager Benjamin Emiau interacting with Finance Manager Lucy Uwimbabazi, Commercial Manager Marserina Tumusime and HR Manager Justine Katatumba during their monthly business review session. >

3.1 Our partners

FRES works with a variety of partners who provide financial support as well as goods and services. Our main partners in the past have included the European Union, the World Bank, the Government of the Netherlands, the Energy and Environment Partnership (EEP), the OPEC Fund for International Development, and DOEN Foundation. We also work with national governments and local nongovernmental organizations (NGOs) in the countries where we operate.

Funding and partnerships

Since 2020, FRES has partnered with the Young Expert Programme (YEP Energy). This is a coaching and learning initiative supported by the Dutch Ministry of Foreign Affairs that encourages young professionals to pursue a career in the energy sector. In 2021, our first YEP trainee joined the Burkina Faso team, followed by a second YEP trainee who joined the Uganda team in early 2022. In January 2023, two new trainees joined FRES Mali and FRES Burkina Faso.

In 2022, Yeelen Ba concluded the activities under a contract subsidized by the UN Capital

Development Fund (UNCDF) and Dutch family foundation Vivace to develop a solar-powered agro-processing platform for a women's cooperative in the village of Kouakoualé in Burkina Faso. Yeelen Ba also realized the transformation of a second agro-processing platform by replacing the diesel generator with solar electricity. The project was made possible with support from the Embassy of Austria and the Young Expert Programmes of the Dutch Ministry of Foreign Affairs and the Dutch embassy in Burkina Faso.

In 2023, FRES Burkina Faso joined forces with the development NGOs Geres and ADA Luxembourg to launch a capacity-building pilot project, empowering the entrepreneurs in Kouakoualé who are connected to the solar-powered agro-processing platform. The project aims to boost the growth and development of businesses using FRES Burkina Faso's energy services, particularly those engaged in productive use energy (PUE), by providing targeted support and training to enhance their entrepreneurial skills.

FRES Uganda won two projects in 2022. The first project, financed by SNV, connected 50 milk-

cooling businesses by August 2023. The second project, financed by GIZ, connected 160 schools by August 2023.

In Mali, Yeelen Kura successfully secured a subsidy through RVO's SDG 7 Results Fund to achieve a minimum of 2,000 new household connections in remote villages that will not be targeted by the national grid for at least the next ten years. The project runs until June 2026.

Goods, services, and other support

As part of our environmental responsibility and circularity ambitions, FRES renewed its battery recycling strategy in 2020. A search for accredited e-waste recycling partners resulted in contracts with Enviroserve in Rwanda and Gravita in Ghana and Senegal. All our batteries are now recycled on the African continent.

To improve customer service, financial accounting, and internal monitoring and control, we began implementing a new customer relationship management system with our partner Solaris Offgrid.



Customer Sidibé Soumala uses a large FRES system to power her homestead in the village of Sonsogona, Burkina Faso. The solar system not only illuminates her living space but also provides electricity for a refrigerator to keep her beverages refreshingly cold, facilitates phone charging, and powers her television for entertainment, greatly enhancing her family's quality of life.

3 Governance report

3.2 Leadership and governance

FRES is a Dutch not-for-profit organization that establishes commercial electricity companies under local management to accelerate electrification in rural Africa.

FRES is recognized as a public benefit organization (ANBI) by the Dutch tax authority and endorses the Wijffels Code, the Dutch code for good governance of charities.

Our leadership team is a diverse group of people who bring years of experience in sustainable energy, international development, and business management.

FRES Board

The FRES Board consists of two executive members, five non-executive members, and FRES' COO & CFO. The board approves FRES' long-term strategy and annual business plans and budgets, monitors progress toward the achievement of organizational targets, exercises oversight of investment and risk management, and ensures compliance with relevant legal and regulatory requirements. The executive board meets monthly with the COO/CFO to review operational reports. The full board convenes a minimum of four times a year to review financial and operational overviews. The principles, planning, and control cycle of FRES' governance are laid down in our Governance Guide, which is available on our

website. Board members work on a voluntary basis.

Executive members

- Wim Plaizier, chairperson
- Serge Leijten, operations focal point

Non-executive members

- Sophie Dingenen, board member
- Tanja Pelle, board member
- Wim Sinke, board member
- Lidwien Schils, board member
- Femke Smeets, board member

COO & CFO

- Ratidzo Michelle Makoni

3 Governance report

FRES companies

Operational excellence is a core objective for our companies. To achieve this, we aim for effective and efficient local operations that manage costs and maximize revenues. FRES companies are headed by general managers who lead all local operations and are responsible for daily affairs.

The management team of each company holds monthly progress meetings with their respective board of directors via teleconference. Twice a year, each company holds a physical board meeting. In addition, the general managers attend the annual FRES company week in The Netherlands to evaluate results and discuss future strategy and business plans.

- Djibril Séméga, General Manager Yeelen Kura, Mali
- Romi de Matos, General Manager FRES Guinée-Bissau, Guinea-Bissau
- Louis San dit Traoré, General Manager Yeelen Ba, Burkina Faso
- Benjamin Emiau, General Manager FRES Uganda, Uganda

FRES The Netherlands

Our small head office in Amsterdam, The Netherlands oversees and supports the activities of local companies in Africa. It is also responsible for procurement, fundraising, and expansion in new countries. In May 2024, the contract of Sadia Peneux, Regional Operations Manager, ended and

was not renewed. At the end of August 2024, Joelle Nzambimana, Regional Operations Manager left the company.

- Ratidzo Michelle Makoni, Chief Operations Officer & Chief Financial Officer
- Martijn Schootstra, Technical Advisor (part-time)
- Cynthia Kpozuxe, Business Advisor & Community Manager

3.3 Risk management

The aim of FRES’ risk management activities is to ensure the long-term resilience of the organization and continued service to our stakeholders. We regularly assess our strengths, weaknesses, opportunities, and threats (SWOT) to ensure we adequately manage internal risks and mitigate external risks. Although robust opportunities exist for us to contribute to and benefit from rural electrification, there are also risks and threats involved. We are very aware of these and undertake to maximize opportunities while mitigating risks.

Maximizing opportunities, countering threats, and overcoming weaknesses

Identifying and controlling risks is one of the responsibilities of the FRES Board. To maximize opportunities and counter threats, we have formulated a set of important guidelines. These are:

- We build strong relationships with our stakeholders via a dedicated strategy for each type of stakeholder (government, donor, volunteer, employee, customer etc.).
- We focus on expanding in countries where we are already active by increasing the scale of our

- existing companies to reduce unit costs and build long-term financial sustainability.
- Expansion in new countries is carefully considered and only executed when sufficient scale can be achieved and when fully funded by external resources.
- We continually improve our customer service because we believe that satisfied customers are a prerequisite for higher payment rates.
- We aim for full digitalization of the customer payment process through the introduction of PayGo and mobile payments.
- We centralize purchasing activities (i.e., solar systems) when relevant.
- We invest in IT for our companies that is interchangeable and standardized.
- We maintain an adequately implemented health, safety, and environment policy in all companies and maintain a high level of alertness in view of security concerns.
- We have a FRES code of conduct in place with direct whistleblower access to one of our board members.

Financial sustainability

FRES companies must achieve financial

sustainability, covering their own operational costs and replacement investments, and contributing to the cost of FRES The Netherlands. In FRES’ business model, financial sustainability depends on economies of scale (number of customers), effective collection of payments from customers, and the ability to optimize the costs of operations and replacements. Together, FRES and its companies set key performance indicators that are monitored via monthly reports. The performance of FRES companies is assessed, among others, on payment rate, operating and replacement costs, customer retention/growth, and financial sustainability.

Payment arrears

Achieving an acceptable payment rate is a major challenge for all FRES companies. We employ prepaid meters for day/night mini grid tariffs in Guinea-Bissau and Mali. We are continuing the organization-wide implementation of PayGo software and hardware to facilitate the full transition to mobile money and significantly improve payment rates. PayGo enables us to increase the number of customers serviced per agent, reducing staff, motorcycle, and fuel costs.

3 Governance report

Political instability and threats of terrorism

Political instability and violence in Mali and Burkina Faso continue to influence our operations in these countries. They affect the onboarding of new customers and the ability of existing customers to pay our fees. Instability and violence also impact our employees and their families. We continue to update the emergency response plans in place in our companies, and we take all precautions possible to counter threats to our local operations and staff.

Fuel-related operating cost increases for mini grids

Particularly in Mali, the rates for our solar mini grids are insufficient to cover operating costs. This is due to the need to use diesel generators at night and the sharp increase in fuel costs resulting from the war in Ukraine. Yeelen Kura continues to look at optimizing its battery use to reduce generator hours and is working with the Agency for the Development of Domestic Energy and Rural Electrification to investigate increasing its rates.

Fraud and corrupt practices prevention

FRES companies in Africa must adhere to strict anti-corruption guidelines to comply with the Foreign Corrupt Practices Act. Improving control, grievance, and whistleblowing mechanisms continues to be a priority. We apply a zero-tolerance policy, and a proven case of fraud or corruption results in immediate dismissal.

Financial reserve management

Since 2009, FRES-owned reserve funds have been managed by a professional asset manager (ING Bank). The asset manager is tasked with achieving optimal effectiveness within a moderately defensive investment profile while respecting ethical and social boundaries set by FRES. In view of the relative size of the funds and the uncertainty in the global financial market, we have decided to divest from equity and bond investments and have transferred all funds to a savings account.

Exchange rate fluctuations

Exchange rate fluctuations are limited for FRES as three of our operating companies are active in countries with a currency linked to the euro. FRES The Netherlands manages the funds and reserves for each of the FRES companies and holds them in euros. Exchange rate risks can occur when funders award grants in dollars, which is currently not the case.

Continuity reserve

FRES maintains a continuity reserve of €250,000 that can be used in the event FRES' activities suddenly stop (either partially or completely) for whatever reason. The reserved amount covers proper completion of the necessary activities in the Amsterdam office for such an event.

3 Governance report

Strengths

- Over 20 years' experience in electrification in rural Africa.
- An extensive network in the international development and solar energy sectors.
- A competent team with committed board members.
- Locally run operating companies with trained local staff.
- An energy-as-a-service model that includes maintenance, replacement, and recycling of solar assets.
- A standardized, proven, and replicable business model.
- Extensive experience in managing major investment programs.
- Solid business plans for our operations.
- Centralized procurement activities for our investments.

Weaknesses

- Insufficient scale, particularly in Burkina Faso and Guinea-Bissau.
- Dependence on external funding to scale up operations.
- Low margins as rates are determined by regulation and kept low by local authorities.
- Payment arrears ('non-payment') as our customers depend highly on local harvests.
- Only one out of four operating companies has achieved long-term financial sustainability.
- Insufficient customer retention due to non-payment, which drives up operational costs.
- Operations in regions with limited or unreliable internet access, hampering the use of digital solutions for online monitoring and payments.

SWOT ANALYSIS

Opportunities

- Global commitments to access to renewable energy in the SDGs and Paris Climate Agreement, with limited time left to achieve the 2030 goals.
- Interest from international donor agencies and social investors in solar solutions for rural electrification in sub-Saharan Africa.
- Around 600 million people in sub-Saharan Africa without access to electricity.
- African governments have prioritized solar-powered rural electrification; national grids are expensive.
- Technical developments in solar power are driving down the cost of generating and storing electricity.
- Technological advancements, such as mobile payment, prepaid metering, and remote system control, are improving processes and fee collection.

Threats

- Lengthy procedures involved in donor agreements.
- Global political and economic uncertainties influencing fuel prices.
- Political instability in some of the countries where we operate.
- Lack of transparency in national policies, regulations, and grid expansion planning.
- Exchange rate fluctuations.
- Bureaucratic and unpredictable government procedures.
- Threats from nationalization.
- Increasing competition from commercial players in the solar systems market.
- Insufficient rate levels for mini grids.

3.4 Outlook 2024 and beyond

In 2023, we crafted an investment proposal, which has been disseminated among our various stakeholders. As we head into 2024, our aim is to keep refining our investment pitch to align with diverse funding proposals. In pursuit of our goal to establish self-sustaining entities this year, we intend to segment the pitch decks into four distinct versions.

Despite sustained efforts, securing additional funding remains a challenge with no significant breakthroughs thus far. Nevertheless, we persist in exploring various initiatives with key stakeholders within our funding portfolio,

including engagements with both debt and equity funders. Our observation indicates that primary investment opportunities are mainly at the local level, with limited avenues to cover head office expenses.

Despite this, our mission remains steadfast: to cultivate meaningful dialogues. We will redouble our efforts to explore funding opportunities at both local and central levels. All forthcoming proposals will be tailored for local submission, encompassing projects with entities like USAID for Mali, EEP for Uganda, AECF for Burkina Faso, IMVF for Guinea-Bissau, and RVO for Mali.

At present, our central reserves for 2024 forecast meeting all short-term obligations, including the committed CAPEX costs for FRES companies, with FRES The Netherlands possessing adequate cashflows until year-end. Should none of these opportunities materialize by the end of 2024 to cover Amsterdam head office expenses, we may need to initiate discussions on financial projections for a gradual wind-down process.

In 2024, we will prioritize bolstering the operational performance of FRES Guiné-Bissau, with increased field visits from the Amsterdam team to provide support to this and all our companies.

4. Financial report 2023

Consolidated annual accounts

FRES Burkina Faso – Yeelen Ba's General Manager San dit Louis Traoré and Finance Manager Habibou Ouedraogo discussing the company's financials. Habibou is responsible for analyzing the company's key data and performance metrics. Entrusted with overseeing the intricate financial processes, Habibou plays a vital role in maintaining stringent financial control, ensuring the company's fiscal health and strategic growth.

We are committed to managing our finances efficiently and transparently. This section provides details of our financial position for the year ended December 31, 2023. It is a consolidated overview of (1) the operational results of the FRES companies, (2) funds and reserves, and (3) the expenses of FRES The Netherlands.

The consolidated revenues include incoming funds for investments in solar systems that are added to the assets of the local companies.

The funds and reserves include a minimum reserve of FRES' own funds that can be used to pre-finance new investments. Reserves for replacing

assets are intended to ensure the sustainability of installed systems and are maintained separately.

FRES The Netherlands has an annual budget of €747,494 that is partly covered by grants and partly charged to investment projects, the remainder is funded from the central reserves.

4 Financial report 2023

4.1 ANNUAL ACCOUNTS 2023

CONSOLIDATED BALANCE AS ON DECEMBER 31, 2023 (after appropriation of results)

(amounts in euros)

| | December 31, 2023 | | December 31, 2022 | |
|---|-------------------|------------------|-------------------|------------------|
| Assets | | | | |
| 1. Fixed assets | | | | |
| 1.1 Property, plant and equipment | 5.595.837 | | 6.429.019 | |
| | | 5.595.837 | | 6.429.019 |
| 2. Current assets | | | | |
| 2.1 Receivables | 842.479 | | 850.588 | |
| 2.2 Inventory | 16.199 | | 17.839 | |
| 2.3 Securities | - | | - | |
| 2.4 Cash and cash equivalents | 1.533.455 | | 2.369.661 | |
| | | 2.392.133 | | 3.238.088 |
| Total | | 7.987.970 | | 9.667.107 |
| Equity and liabilities | | | | |
| 3. Reserves | | | | |
| 3.1 Continuity reserve FRES The Netherlands | 250.000 | | 250.000 | |
| 3.2 Reserve for pre-financing future investments FRES companies | 3.000.000 | | 3.000.000 | |
| 3.3 Reserve for financing assets FRES companies | 2.410.553 | | 3.885.802 | |
| 3.4 Reserve for financing assets FRES The Netherlands | 133 | | 2.658 | |
| 3.5 Reserve currency difference | 44.821 | | 4.488- | |
| | | 5.705.507 | | 7.133.972 |
| 4. Current liabilities | | | | |
| 4.1 Payables and other accruals | | 2.282.463 | | 2.533.135 |
| Total | | 7.987.970 | | 9.667.107 |

4 Financial report 2023

CONSOLIDATED INCOME STATEMENT 2023

(amounts in euros)

| | Actual 2023 | Actual 2022 | Budget 2023 |
|---|------------------|------------------|------------------|
| 5. Income | | | |
| Income from fundraising | 192.899 | 126.604 | 118.992 |
| Income from our own fundraising - private persons | 342 | 422 | 492 |
| Income from our own fundraising - companies | 63.628 | 39.477 | - |
| Income from subsidies from governments | - | 19.005 | 118.500 |
| Income from other subsidies | 128.929 | 67.700 | - |
| Income from benefits in return for service | 3.031.835 | 3.867.556 | 2.666.349 |
| Other income (FRES companies) | 3.031.835 | 3.867.556 | 2.666.349 |
| Sum of the income | 3.224.734 | 3.994.160 | 2.785.341 |

4 Financial report 2023

| | Actual 2023 | Actual 2022 | Budget 2023 |
|---|-------------------|-------------------|-------------------|
| 6. Expenses | | | |
| Spent on objectives | | | |
| Expenses company activities | 4.176.309 | 5.042.174 | 3.693.339 |
| Expenses for regular company activities | 3.100.632 | 3.554.543 | 2.898.688 |
| Expenses for company expansion | 1.075.677 | 1.487.631 | 794.651 |
| Expenses for new initiatives remaining countries | - | - | - |
| FRES service costs spent on objectives | 227.002 | 291.528 | 381.222 |
| Direct support existing companies | 227.002 | 291.528 | 381.222 |
| Direct support expansion companies | - | - | - |
| Direct support new initiatives | - | - | - |
| Total spent on objectives | 4.403.311 | 5.333.702 | 4.074.561 |
| FRES service costs management & administration | 218.236 | 158.244 | 366.272 |
| Direct costs | 20.385 | 12.840 | 33.637 |
| Indirect costs and costs from investments | 197.851 | 145.404 | 332.635 |
| Sum of the expenses | 4.621.547 | 5.491.946 | 4.440.833 |
| Financial income and expenses | 80.963- | 248.454- | 7.799- |
| Release negative goodwill | - | - | - |
| Result | 1.477.776- | 1.746.240- | 1.663.291- |
| The result of 2023 is appropriated as follows: | | | |
| Reserve for future projects | 1.475.249- | 1.742.278- | 1.663.291- |
| Reserve for replacement of assets | 2.526- | 3.962- | |
| | 1.477.775- | 1.746.240- | 1.663.291- |

4 Financial report 2023

CONSOLIDATED CASH FLOW STATEMENT 2023

(amounts in euros)

| | 2023 | 2022 |
|---|------------------|-------------------|
| Income from private persons, companies, institutions and governments | 3.232.848 | 3.846.677 |
| Payments to suppliers, employees and projects | -3.935.335 | 5.225.138- |
| Cash generated from operating activities | 702.487- | 1.378.461- |
| Received interest, realized result investments and balance deposits and withdrawals investments | 80.963- | 248.454- |
| Cash flow from operational activities | 783.450- | 1.626.915- |
| Investments in property, plant and equipment | 145.248- | 80.526 |
| Consideration paid on acquisition Yeelen Ba | - | - |
| Securities | - | 1.988.420 |
| Cash flow from investment activities | 145.248- | 2.068.946 |
| Cash flow from financing activities | - | - |
| Cash flow | 928.698- | 442.031 |
| Exchange rate and conversion differences | 92.492 | 24.111- |
| Net cash flow | 836.206- | 417.920 |
| Cash as on January 1 | 2.369.661 | 1.951.741 |
| Net cash flow | 836.206- | 417.920 |
| Cash as at December 31 | 1.533.455 | 2.369.661 |

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS

General notes

Activities

Stichting Rural Energy Services ('FRES') was founded in 2004 and is registered at the Chamber of Commerce in Amsterdam under the number 34201011. The foundation is located at Plantage Middenlaan 2G in Amsterdam. The activities of FRES and its group companies consist of realizing sustainable rural electrification in developing countries, especially through the placement and management of autonomous solar energy systems. In addition, FRES aims to participate in subsidiaries and partnerships that perform activities which benefit the foundation's goals.

Public benefit organization (ANBI)

In 2007, FRES was designated as an ANBI (public benefit organization) by the Dutch tax authority. FRES complies with the ANBI requirements and publishes various data on the internet.

Group structure

At December 31, 2023, the group included four operating companies: SSD Yeelen Kura S.A., FRES Uganda Limited, SSD FRES Guiné-Bissau S.A., and SSD Yeelen Ba S.A. FRES is the 100% owner

of these companies. In Guinea-Bissau, FRES has two legal entities, a corporation and an NGO. FRES is also a 100% owner of a dormant legal entity in Benin.

Going concern

FRES and its subsidiaries currently rely on a combination of factors to continue operating as a going concern. The profitability of the customer portfolio and the success rate of attracting additional funding for expansion are the most significant factors.

In the early days of its establishment, FRES received a €10 million grant from NUON for sustainable energy investments in rural Africa. This grant has mainly been used as a co-funding mechanism for expansion. In the period up to 2021, FRES co-financed about €6.5 million in various expansion programs from the World Bank, European Union, and OPEC Fund. Furthermore, the central costs of the office in The Netherlands have been covered by the reserve.

The reserve has also served as a pre-financing facility for replacement and incremental growth

investments for the operating companies. The goal is for the operating companies eventually to repay these funds.

In recent years, the ability of operating companies to pay for their own replacement investments has significantly diminished due to COVID-19, climate change-related harvest losses that reduced the ability of customers to pay their fees, and political instability in Mali and Burkina Faso. Despite these financial setbacks, we have continued to invest in replacement investments and in a digital payment platform (PayGo) to strengthen financial operations. Funds from the central reserve have been used for this purpose, to enable FRES and its operating companies to make the required impact in rural Africa. We feel this is of particular importance in view of the difficult circumstances referred to.

As a result, the central reserve has further reduced while efforts to obtain new funding are ongoing. At the end of 2023, the central cash balance amounted to €1.5 million. The board and management believe that this amount will be sufficient to ensure the going concern of all FRES

4 Financial report 2023

operations in the short term until the end of 2024 and will allow for sufficient wind-down reserves in 2025, if necessary.

At a local level efforts are ongoing in the operating companies to secure new funding in 2024 to scale up operations and ensure the long-term sustainability.

With large funding amounts unlikely to become available at group level, the board has embarked on a scenario to responsibly spin off operating companies, either to stand sustainably on their own or as part of another network.

The Board has furthermore decided on a cost-reduction effort for the FRES The Netherlands, and has prepared the organization for the possibility of a full wind-down and liquidation of the Dutch foundation in 2025.

This scenario is based on sufficient central cash availability to support the 2024 budget and on surplus cash availability for the responsible and proper liquidation of the Netherlands-based entity.

Judgments, estimates, and uncertainties

In applying the principles and policies for preparing the financial statements, the FRES Board makes different estimates and judgments

that may be essential to the amounts disclosed in the financial statements. To provide a true and fair view of the financial position, the nature of these estimates and judgments, including assumptions related to uncertainties, are disclosed in the notes to the financial statement items.

Consolidation

Intercompany transactions, intercompany results and intercompany balances among group companies and other consolidated entities are eliminated, as far as the results were realized through transactions with third parties outside the group. Unrealized losses on intercompany transactions are also eliminated unless such losses qualify as impairment. The accounting principles of group companies and other consolidated entities have been changed where necessary to align them with the prevailing group accounting policies.

The consolidation includes the financial information of FRES, its group companies, and other entities in which it exercises control or where it is responsible for the overall management. Group companies are entities in which FRES exercises direct control, based on ownership of more than one half of the voting rights or statutory rules. Potential voting rights

that can be directly exercised on the balance sheet date are also considered. Within this policy, the companies below are included in the consolidation of FRES.

| Name | Statutory seat | Share in the issued capital |
|---------------------------|----------------|-----------------------------|
| SSD Yeelen Kura S.A. | Mali | 100% |
| FRES Uganda Ltd. | Uganda | 100% |
| SSD FRES Guiné-Bissau S.A | GNB | 100% |
| SSD Yeelen Ba | Burkina Faso | 100% |

The participation in SSD Yeelen Kura S.A. was obtained at the end of 2008, and the company has been a 100% subsidiary of FRES since. FRES Uganda Limited was founded in 2010 as a 100% subsidiary of FRES. SSD FRES Guiné-Bissau S.A. was founded in 2011 as a 100% subsidiary of FRES. Yeelen Ba S.A. has been a 100% subsidiary of FRES since January 4, 2017. An asset valuation was performed in respect of this acquisition in 2017.

4 Financial report 2023

In addition to the aforementioned subsidiaries, FRES has an interest in the entities mentioned below. These entities are currently not consolidated, as they are, separately and together, of insignificant importance.

| Name | Statutory seat | Share in the issued capital |
|---------------------|----------------|-----------------------------|
| SSD-FRES Benin S.A. | Benin | 100% |

SSD-FRES Benin S.A. was founded in 2010 as a 100% subsidiary of FRES to be able to lay claim to a concession area and exemption from taxes. No activities took place in Benin during 2023.

Related parties

All legal entities that can be controlled, jointly controlled, or significantly influenced are considered to be a related party. In addition, board members, other key management of FRES, and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes, as far as they are not transacted under normal market conditions. The nature, extent, and other information regarding such transactions is disclosed, if this is necessary to provide the required insight.

Acquisition of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised over the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e., negative goodwill) is disclosed under accruals. During 2023 no acquisitions took place.

Accounting policies for the cash flow statement

The cash flow statement was prepared using the direct method. The cash items disclosed in the cash flow statement consist of cash. Cash flows denominated in foreign currencies were converted at an average estimated exchange rate following euro foreign exchange reference rates. Exchange differences affecting cash items are shown separately in the cash flow statement.

Interest paid and received, dividends received, and income taxes are included under cash from operating activities. Dividends paid are included as cash used in financing activities. The purchase consideration paid for the acquired group company is included as cash used in investing activities, as far as it was settled in cash.

General principles for preparing the consolidated annual accounts

General principles

The annual accounts were prepared in accordance with the revised Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, applicable for the financial year starting on January 1, 2023. The objective of this standard is to provide insight into the expenses of the organization and the utilization of funds in relation to the objectives for which the funds were collected. FRES did not apply for early adoption of the revised standard. The annual accounts are presented in euros.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle is stated, valuation is at historical cost. In the balance sheet, statement of income and expenditure, and the cash flow statement, references are made to the notes.

4 Financial report 2023

Prior-year comparison

The accounting policies were consistently applied to all the years presented. During 2023, and up to the publication date of this annual report, there were no policy changes.

Functional currency

Items included in the annual accounts of the individual group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated annual accounts are presented in euros, which is FRES' functional and presentation currency.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at the exchange rate prevailing at the balance sheet date. Foreign currency transactions in the reporting period are converted into the functional currency using the exchange rate prevailing at the dates of the transactions. Conversion differences on non-monetary assets held at cost are recognized using the exchange rate prevailing at the dates of the transactions.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the

presentation currency are converted at the exchange rate prevailing at the balance sheet date. Revenues and expenses are converted at the average exchange rates during the financial year. Any resulting exchange differences are directly charged to the group equity for translation differences.

Financial instruments

Securities included in current assets are stated at fair value if these are related to securities held for trading or if they relate to equity instruments not held for trading. All other on-balance financial instruments are carried at (amortized) cost.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques.

Criteria for no longer recognizing assets and liabilities

An asset or liability included in the balance sheet remains recognized when a transaction does

not lead to a significant change in the economic reality regarding this balance sheet item. For such transactions, no results are recorded. An important change in the economic reality is assessed based on the economic benefits and risks that are likely to occur in practice.

An asset or liability item included in the balance sheet is derecognized from the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or all risks related to the asset or liability item being transferred to a third party.

Principles for the valuation of assets and liabilities

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost, minus cumulative depreciation and, if applicable, impairment losses. Depreciation is based on the estimated useful lives of tangible fixed assets and is calculated based on a fixed percentage of the historical cost, considering the possible residual value. Depreciation occurs from the tangible fixed assets' moment of implementation.

Investment subsidies are deducted from the historical cost or manufacturing price of the assets to which the subsidies relate. No provision

4 Financial report 2023

for major repairs to buildings has been formed for future repairs. When they occur, the costs of repair will be included in the results.

Financial assets

The issued loans to subsidiaries and other receivables are initially measured at fair value, and subsequently valued at amortized cost, which equals the nominal value, minus impairment losses.

Impairment of fixed assets

At each balance sheet date, the foundation checks whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified.

An impairment occurs when the carrying amount of an asset is higher than the realizable value; the realizable value is the higher of the realizable value and the value in use. An impairment loss is directly recognized in the statement of income and expenditure, while the carrying amount of the asset concerned is concurrently reduced.

Receivables

Receivables are initially included at fair value and

subsequently measured at amortized cost, which equals the nominal value, minus a provision for impairment for receivables. The provision is determined based on the individual evaluation of the receivables.

Inventory

Inventories (stocks) are valued at historical price based on the FIFO method (first in, first out) or lower realizable value. The historical cost consists of all costs relating to the acquisition and the costs incurred in order to bring the inventory to its current location and current condition. The realizable value is the estimated sales price less directly attributable sales costs. In determining the realizable value, the obsolescence of the inventories is taken into account.

Cash and cash equivalents

Cash and cash equivalents are stated at nominal value and are at free disposal of the foundation, unless stated otherwise.

Reserves and funds

The reserve financing asset matches the property, plant, and equipment of FRES The Netherlands. For more detailed disclosure of the reserves and funds, we refer to the notes on equity.

Negative goodwill

Negative goodwill resulting from acquisitions and calculated in accordance with the section 'Acquisition of group companies,' is released in the statement of income and expenditure, based on the weighted average of the remaining life of the acquired amortizable assets. As far as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognized directly in the statement of income and expenditure.

Other assets and/or liabilities

The remaining assets and liabilities are valued at amortized cost, which is usually equal to the nominal value.

Principles for result determination

Result

Profit or loss is determined by income from our own fundraising activities and other income, minus the expenses incurred on the objectives. Donations are accounted for in the year in which these were received. Proceeds from inheritances are recognized in the year in which the size is reliably determined.

Operating expenses for which a contribution is received are accounted for in gross if they can be quantified.

4 Financial report 2023

Subsidies

Operating subsidies are recorded as income in the statement of income and expenditure in the year in which the subsidized costs were incurred or income was lost or when there was a subsidized operation deficit. Income is recognized when it is probable that it will be received.

Subsidies related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the statement of income and expenditure as part of the amortization costs.

Exchange differences

Exchange differences arising upon the settlement or conversion of monetary items are processed in the statement of income and expenditure in the period that they occur unless they are hedged.

Depreciation of property, plant, and equipment

Property, plant, and equipment are depreciated over their estimated useful lives from the inception of their use. Land is not depreciated.

Financial income and expenses

Interest paid and received is processed on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When processing the paid interest,

the transaction costs on loans received as part of the calculation of effective interest are taken into account.

Dividends receivable from associates not carried at net asset value and securities are recognized as soon as FRES acquires the rights to them. Changes in the value of financial assets and liabilities that are held for trading are recognized directly in the statement of income and expenditure.

Taxes

The foundation is not obliged to pay company tax or turnover tax as reiterated in 2017 by the tax authorities. The foundation obtained and has maintained ANBI status since 2007.

Financial instruments and risk management

Market risk

Currency risk

FRES mainly operates in Africa and the European Union. The currency risk for FRES largely concerns the positions and transactions of our subsidiary FRES Uganda in Ugandan shillings (UGX). The currencies of Mali, Burkina Faso, and Guinea-Bissau have a fixed exchange rate to the euro. The currency risk is not hedged.

Price risk

FRES incurs risk regarding the valuation of securities within current assets. The foundation manages market risk by stratifying the portfolio and imposing limits.

Interest rate and cash flow risk

FRES incurs limited interest rate and cash flow risk as the foundation does not have long-term interest-bearing receivables or long-term interest-bearing liabilities (including borrowings).

Credit risk

FRES incurs credit risk, as customers pay a fee-for-service on a monthly basis. The payment period may differ per country and generally ranges between 30 and 60 days. FRES is improving payment rates and fee collection by enabling mobile payment. In addition, FRES is implementing proven technology with regard to prepayment systems.

Liquidity risk

FRES incurs only limited liquidity risk. FRES has sufficient funds freely available, and there is no need for bank overdrafts. The EBITDA and cash flow from our operations were at a level in 2023 that FRES The Netherlands did not have to provide funding for the current operations in the FRES companies.

4 Financial report 2023

NOTES TO THE CONSOLIDATED BALANCE SHEET ITEMS

1. FIXED ASSETS

| 1.1 PROPERTY, PLANT AND EQUIPMENT | Installations and materials FRES companies | Land and buildings FRES companies | Furniture office | Computers, software and office equipment | Total |
|--|---|--------------------------------------|---------------------|--|------------------|
| Historical cost | 17.361.803 | 882.883 | 10.840 | 33.054 | 18.288.580 |
| Accumulated depreciation and impairments | 11.530.113 | 288.213 | 9.034 | 32.201 | 11.859.561 |
| Balance as on January 1 | 5.831.690 | 594.670 | 1.806 | 853 | 6.429.019 |
| Movements | | | | | |
| Investments/disposal | 124.220 | 21.027 | - | - | 145.247 |
| Exchange differences | 43.183- | - | - | - | 43.183- |
| Depreciation | 898.252 | 34.466 | 1.806 | 720 | 935.244 |
| Total movements | 817.215- | 13.439- | 1.806- | 720- | 833.180- |
| Historical cost | 17.442.840 | 903.910 | 10.840 | 33.054 | 18.390.644 |
| Accumulated depreciation and impairments | 12.428.365 | 322.679 | 10.840 | 32.921 | 12.794.805 |
| Balance as on December 31 | 5.014.475 | 581.231 | - | 133 | 5.595.839 |

1.2 DEPRECIATION PERCENTAGES

| | % |
|--------------------------|-------|
| Motor vehicle | 20 |
| Motor cycles | 20-33 |
| Computer and accessories | 7-25 |
| Furniture and fittings | 10-20 |
| Land and buildings | 4 |
| Solar panels | 5 |
| Solar regulators | 10 |
| Solar batteries | 33 |

Investments during 2023 consisted of the acquisition of two containers of replacement and new installation batteries for FRES Guiné-Bissau and FRES Uganda, €200,000 prefinancing costs to Yeelen Kura for the installation of solar home systems under the UNCDF project, €90,000 balance of construction costs of the

multifunctional platform built by Yeelen Ba, and a new battery bank for FRES Guiné-Bissau including customs fees of €40,000 for the replacement of batteries at the Contuboe mini grid. The installations and materials of FRES Guiné-Bissau are fully compensated by received grants and subsidies. Therefore, the historical cost is nil.

4 Financial Report 2022

2. CURRENT ASSETS

2.1 RECEIVABLES

| | 31-12-2023 Total | 31-12-2022 Total |
|--------------------------------------|---------------------|---------------------|
| Receivables | 701.655 | 682.484 |
| Prepayments | 27.680 | 23.835 |
| Other receivables and accrued income | 113.144 | 144.269 |
| Total | 842.479 | 850.588 |

The fair value of the receivables approaches their book value, given the short-term character and the fact that provisions for recoverability have been established where necessary.

The receivables of the FRES companies are from regular company activities such as debtors and other receivables.

2.2 INVENTORY

| | 31-12-2023 | 31-12-2022 |
|--------------|---------------|---------------|
| Inventory | 16.199 | 17.841 |
| Total | 16.199 | 17.841 |

All the securities mentioned above are quoted and are freely available to the foundation. Investment activities are executed by ING Bank and monitored by the FRES Board. FRES and ING Bank agreed upon a defensive investment profile.

This profile also excludes activities connected to alcohol, fur, gambling, nuclear industries, child labor, pornography, tobacco, weapons, or misconduct regarding the environment, (social) laws/codes and human rights. The return on

the securities amounted to 0% in 2023 (0% in 2022). The FRES Board evaluated the investment policy in 2022, and it was decided to dissolve the portfolio with effect from November 2022.

4 Financial report 2023

2.3 SECURITIES

| | 31-12-2023 | 31-12-2022 |
|---------------------------------|------------|------------|
| Shares | - | - |
| Bonds | - | - |
| Increased coupon interest bonds | - | - |
| Total | - | - |

2.4 CASH

| | 31-12-2023 | 31-12-2022 |
|------------------------------|------------------|------------------|
| ING Bank | 220.915 | 359.183 |
| ING Bank, investment account | - | 57 |
| ING Bank, saving account | 1.041.022 | 1.881.199 |
| Cash | 140 | 140 |
| Bank credits FRES companies | 271.378 | 129.082 |
| Total | 1.533.455 | 2.369.661 |

Cash and other cash equivalents are generally freely available, unless stated otherwise, and are used for FRES' operational activities and objectives.

4 Financial report 2023

3. RESERVES

3.1 CONTINUITY RESERVE FRES THE NETHERLANDS

| | 2023 | 2022 |
|----------------------------------|----------------|----------------|
| Balance as on January 1 | 250.000 | 250.000 |
| Appropriation of results | - | - |
| Balance as on December 31 | 250.000 | 250.000 |

This continuity reserve is intended to cover the cost of laying off staff, office costs, and delayed payments. Additions are considered when necessary and are submitted for approval to the FRES Board. This reserve makes it possible to shoulder the non-variable part of FRES The Netherlands' expenses for a period of six months.

3.2 RESERVE FOR FUTURE INVESTMENTS – FRES COMPANIES

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| Balance as on January 1 | 3.000.000 | 3.000.000 |
| Appropriation of results | - | - |
| Balance as on December 31 | 3.000.000 | 3.000.000 |

This reserve is intended to ensure that FRES maintains a minimum reserve of own funds that can be used to pre-finance new, future investments while awaiting first payments by donors. It will only be used for projects where there are signed agreements with donors.

3.3 RESERVE FOR FINANCING ASSETS – FRES COMPANIES

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| Balance as on January 1 | 3.885.802 | 5.628.080 |
| Appropriation of results | 1.475.249- | 1.742.278- |
| Balance as on December 31 | 2.410.553 | 3.885.802 |

This reserve represents the value of the assets received by the FRES companies as a gift, minus their annual depreciations.

4 Financial report 2023

3.4 RESERVE FOR FINANCING ASSETS – FRES THE NETHERLANDS

| | 2023 | 2022 |
|----------------------------------|------------|--------------|
| Balance as on January 1 | 2.659 | 6.621 |
| Appropriation of results | 2.526- | 3.962- |
| Balance as on December 31 | 133 | 2.659 |

This reserve is based on Dutch Accounting Standard 650 for the annual reporting of fundraising institutions and equals the total book value of the property, plant, and equipment of FRES The Netherlands. Because this standard is not applicable to Yeelen Kura, FRES Uganda, Yeelen Ba, and FRES Guiné-Bissau, the amount of tangible fixed assets of these companies is not included in the reserve.

3.5 CURRENCY DIFFERENCE

| | 2023 | 2022 |
|----------------------------------|---------------|---------------|
| Balance as on January 1 | 4.488- | 13.504 |
| Currency changes UGX | 49.309 | 17.992- |
| Balance as on December 31 | 44.821 | 4.488- |

This currency difference relates to the exchange differences between Ugandan shillings (UGX) and euros.

4 Financial report 2023

4. PAYABLES AND OTHER ACCRUALS

4.1. SHORT-TERM DEBTS AND ACCRUED INCOME

| | 31-12-2023 | 31-12-2022 |
|----------------|------------------|------------------|
| Creditors | 89.487 | 224.996 |
| Other payables | 2.192.976 | 2.308.140 |
| Total | 2.282.463 | 2.533.136 |

All payables and other accruals mentioned above fall due in less than one year. The fair value of the payables and other accruals approximates the book value because of their short-term character. The financial obligations towards FRES companies are funds that FRES holds for FRES companies to pay for future replacement investments.

Commitments and contingencies not included in the balance sheet

There is an annual rent obligation for the office at Plantage Middenlaan 2G in Amsterdam, in the amount of €15,600.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

General

The donations relate to income from own fundraising activities.

Continuity of the activities

To ensure we continue to serve our customers effectively, a technical assessment by our technical advisor revealed an urgent need to provide new battery batches for all our operations. Therefore, in the third quarter of 2023, the FRES Board further invested in battery replacements for Yeelen Kura, Yeelen Ba, FRES Guiné-Bissau, and FRES Uganda. Two containers were committed to FRES Guiné-Bissau and FRES Uganda, while the remaining two were set for procurement in early

2024. The customer base decreased slightly from 20,536 in 2022 to 20,505 in 2023.

Percentages spent on objectives

In accordance with Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, the clarification below states several percentages.

Percentage of expenditures spent on objectives

This percentage is calculated as follows: the total of the expenses spent on the objectives divided by the sum of the expenditures. The percentage of expenditures spent on objectives amounted to 79.3% in 2023 (2022: 87.7%). The percentage of expenditures spent on management and

administration therefore amounts to 20.7%. Volunteers, including board members and commissioners, execute their activities on a pro bono basis.

Percentage of income spent on objectives

This percentage is calculated as follows: the total of the expenses spent on the objectives divided by the income received in 2023. This income does not include transfers from reserves that were spent on activities in 2023. The percentage of income spent on objectives amounted to 136.55% for 2023 (2022: 133.44%). The percentage has increased because the EU contract was concluded in 2021, and a significant amount was used from the reserves.

5. INCOME AND EXPENSES

INCOME FROM OWN FUNDRAISING – PRIVATE PERSONS

| | 2023 | 2022 |
|-------------------|------------|------------|
| Private donations | 342 | 422 |
| Total | 342 | 422 |

INCOME FROM OWN FUNDRAISING – COMPANIES

The donations from companies can be specified as follows:

| | 2023 | 2022 |
|-------------------------|---------------|---------------|
| Donation companies (NL) | 15.000 | 15.000 |
| Donation companies (UG) | 48.628 | 24.477 |
| Total | 63.628 | 39.477 |

SUBSIDIES FROM GOVERNMENTS

| | 2023 | 2022 |
|-------------------------------------|----------|---------------|
| Project financing EU Regional | - | 19.005 |
| Project financing EU Fragile States | - | - |
| Total | - | 19.005 |

OTHER SUBSIDIES

| | 2023 | 2022 |
|-------------------------|----------------|---------------|
| Project financing PREO | - | 19.607 |
| Project financing YEP | 28.500 | 19.000 |
| Project financing UNCDF | 80.639 | 29.093 |
| Project financing other | 19.790 | - |
| Total | 128.929 | 67.700 |

OTHER INCOME

| | 2023 | 2022 |
|-----------------------|------------------|------------------|
| Income FRES companies | 3.031.835 | 3.867.556 |
| Total | 3.031.835 | 3.867.556 |

4 Financial report 2023

RETURN ON INVESTMENTS

| | 2023 | 2022 |
|--------------------------------------|----------------|-----------------|
| Interest bank | 80.963- | 9.691- |
| Exchange rate difference UGX | - | 19.425 |
| Result interest bonds | - | 9.320 |
| Dividends | - | 13.092 |
| Realized gains/losses shares & bonds | - | 280.600- |
| Unrealized gains/losses shares | - | - |
| Unrealized gains/losses bonds | - | - |
| Total | 80.963- | 248.454- |

The net return on investments in securities and cash equivalents is accounted for under the financial income and expenses. The above-mentioned return of -€80,893 also included an amount of €0 unrealized results on the investments. Cash equivalents were kept in a current account and deposit account at credit institutions with at least an 'A' credit rating.

Loans

FRES The Netherlands issued several loans to FRES companies. These loans were recognized as expenses spent on objectives. The principal amount of the loans issued by FRES The Netherlands is indicated below:

LOANS TO FRES COMPANIES

| | 31-12-2023 | 31-12-2022 |
|--------------|------------------|------------------|
| Total | 9.205.991 | 8.898.000 |

Employees

The number of full-time equivalents (FTEs) as at December 31, 2023 amounted to 3.0 FTEs (2022: 3.0 FTEs).

Remuneration board members

The remuneration of FRES board members amounted to €0 in 2023 (2022: €0). No loans, advances, or guarantees were issued to board members. No employment contract exists between FRES and the board members.

Subsequent events

- End of employment contract of Sadia Peneux as Regional Operations Manager for FRES Guiné-Bissau with effect from June 2024.
- End of employment contract of Joelle Nzambimana as Regional Operations Manager for FRES Mali - Yeelen Kura, FRES Burkina Faso - Yeelen Ba and FRES Uganda with effect from September 2024.

4 Financial report 2023

FOUNDATION BALANCE SHEET (AFTER APPROPRIATION OF RESULTS)

(amounts in euros)

| | December 31, 2023 | December 31, 2022 |
|---|-------------------|-------------------|
| Assets | | |
| 1. Non-current assets | | |
| 1.1 Property, plant and equipment | 133 | 2.659 |
| 1.2 Financial assets | 5.951.026 | 6.471.277 |
| | 5.951.159 | 6.473.936 |
| 2. Current assets | | |
| 2.1 Receivables | 17.926 | 17.149 |
| 2.2 Securities | - | - |
| 2.3 Cash and cash equivalents | 1.262.077 | 2.240.579 |
| | 1.280.003 | 2.257.728 |
| Total | 7.231.162 | 8.731.664 |
| 3. Reserves | | |
| 3.1 Continuity reserve FRES The Netherlands | 250.000 | 250.000 |
| 3.2 Reserve for pre-financing future investments FRES companies | 3.000.000 | 3.000.000 |
| 3.3 Reserve for financing assets FRES companies | 2.410.552 | 3.885.801 |
| 3.4 Reserve for financing assets FRES The Netherlands | 133 | 2.659 |
| 3.5 Reserve currency difference | 44.821 | -4.488 |
| | 5.705.506 | 7.133.972 |
| 4. Current liabilities | | |
| 4.1 Payables and other accruals | 1.525.656 | 1.597.692 |
| Total | 7.231.162 | 8.731.664 |

4 Financial report 2023

SINGLE STATEMENT OF INCOME AND EXPENSES

(amounts in euros)

| | | | |
|---|-------------------|-------------------|--------------------------|
| 5. Income | | | |
| Income from private persons | 342 | 422 | 492 |
| Income from companies | 15.000 | 15.000 | - |
| Income from subsidies | 128.929 | 86.705 | 118.500 |
| Sum of the income | 144.271 | 102.127 | 118.992 |
| 6. Expenses | | | |
| Spent on objectives (consolidated budget) | 607.249 | 835.747 | 3.693.339 ⁽¹⁾ |
| FRES service costs spent on objectives | | | |
| Direct support existing companies | 227.002 | 291.528 | 381.222 |
| Direct support company expansions | - | - | - |
| Direct support new initiatives | - | - | - |
| Fres service costs management & administration | | | |
| Direct costs | 20.385 | 12.840 | 33.637 |
| Indirect costs and costs from investments | 197.851 | 145.404 | 332.635 |
| Sum of the expenses | 1.052.487 | 1.285.519 | 4.440.833 |
| Subtotal | 908.216- | 1.183.392- | 4.321.841- |
| Financial profit and loss | - | 268.209- | - |
| Result subsidiaries | | | |
| Result subsidiary Yeelen Kura | 122.868- | 237.745- | - |
| Result subsidiary FRES Uganda | 209.591- | 23.687 | - |
| Result subsidiary FRES Guiné-Bissau | 19.406- | 45.551- | - |
| Result subsidiary Yeelen Ba | 217.694- | 35.030- | - |
| | 569.559- | 294.639- | |
| Result | 1.477.775- | 1.746.240- | 4.321.841- |

(1) The overall budget of €3,693,339 includes an amount of €2,898,688 from operational activities from the FRES companies.

NOTES TO THE BALANCE SHEET AND STATEMENT OF INCOME AND EXPENDITURE

General principles for preparing the annual accounts

General principles

The foundation's standalone annual accounts were prepared in accordance with the revised Dutch Accounting Standard 650 for the annual reporting of fundraising institutions, applicable for the financial year starting on January 1, 2023. The objective of this standard is to provide insight into the expenses of the organization and the utilization of funds in relation to the objectives for which the funds were collected. The annual accounts are presented in euros.

The principles of valuation and result determination for the foundation's standalone annual accounts and the consolidated annual accounts are the same.

For the principles of the valuation of assets and liabilities and the result determination, we refer to the notes to the consolidated balance sheet items on page 60 and consolidated statement of income and expenditure on page 66.

Financial assets

Subsidiaries

Group companies, in which FRES exercises significant influence, generally accompanying an ownership of 20% or more of the voting rights, are stated at net asset value.

Subsidiaries with an equity deficit are valued at nil. A provision is included when FRES is fully or partially liable for the debts of the subsidiary or has the firm intention to enable the subsidiary to pay its debts.

Result from subsidiaries (valued at net asset value)

The result is the amount by which the carrying amount of the subsidiaries has changed since the previous financial statements as a result of the earnings achieved by the subsidiaries, as far as this can be attributed to FRES.

Notes to the balance sheet items

Financial assets

The movement of the investments in subsidiaries during 2023 is as follows:

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| Balance as on January 1 | 6.471.277 | 6.783.908 |
| Currency difference | 49.309 | 17.992- |
| Result subsidiaries | 569.559- | 294.639- |
| Balance as on December 31 | 5.951.027 | 6.471.277 |

For the other notes, we refer to the notes to the consolidated balance sheet items 2023.

4 Financial report 2023

Notes to the statement of income and expenditure

For the other notes to the statement of income and expenditure, we refer to the notes to the consolidated statement of income and expenditure 2023.

| Destination | Objective | | | | | | | | New initiatives | Mgmt. & admin | Total 2023 | Budgeted 2023 | Total 2022 |
|-----------------------------|--------------------|-------------------------|-----------------------------------|---------------------|---------------------|-------------------------|-----------------------------------|---------------------|-----------------|----------------|------------------|------------------|------------------|
| | Existing companies | | | | Expansion companies | | | | | | | | |
| | Yeelen Kura, Mali | Yeelen Ba, Burkina Faso | FRES Guinée-Bissau, Guinea-Bissau | FRES Uganda, Uganda | Yeelen Kura, Mali | Yeelen Ba, Burkina Faso | FRES Guinée-Bissau, Guinea-Bissau | FRES Uganda, Uganda | | | | | |
| Expenditures | | | | | | | | | | | | | |
| Subsidies and contributions | 43.651 | 76.528 | 76.432 | 92.340 | 100.597 | 26.225 | 113.478 | 77.999 | - | 607.250 | 3.693.339 | 835.747 | |
| Remittances | | | | | | | | | | - | - | - | |
| Purchases and acquisitions | | | | | | | | | | - | - | - | |
| Outsourced work | | | | | | | | | | - | - | - | |
| Publicity and communication | 518 | 622 | 10.945 | 1.392 | 1.437 | 1.828 | 1.009 | 1.560 | - | 18.566 | 37.878 | 63.592 | 52.261 |
| Personnel expenses | 4.250 | 5.100 | 89.726 | 11.415 | 11.779 | 14.989 | 8.275 | 12.786 | - | 152.207 | 310.527 | 521.332 | 312.366 |
| Accommodation expenses | 569 | 683 | 12.017 | 1.529 | 1.578 | 2.007 | 1.108 | 1.712 | - | 20.385 | 41.589 | 69.822 | 36.496 |
| Office and general expenses | 802 | 963 | 16.932 | 2.154 | 2.223 | 2.829 | 1.562 | 2.413 | - | 28.723 | 58.600 | 98.382 | 37.901 |
| Depreciation and interest | 116- | 139- | 2.449- | 312- | 321- | 409- | 226- | 349- | - | 4.153- | 8.474- | (14.227) | 6.286 |
| Other | 70 | 84 | 1.479 | 188 | 194 | 247 | 136 | 211 | - | 2.509 | 5.118 | 8.592 | 4.462 |
| Total | 49.745 | 83.841 | 205.082 | 108.706 | 117.486 | 47.716 | 125.343 | 96.332 | - | 218.237 | 1.052.488 | 4.440.833 | 1.285.519 |
| | 4,7% | 8,0% | 19,5% | 10,3% | 11,2% | 4,5% | 11,9% | 9,2% | 0,0% | 20,7% | 100% | | |

4 Financial report 2023

Notes to the balance sheet items The subsidies and contributions actuals of €607,250 represent the costs made by FRES The Netherlands whereas the budget of €4,440,833 represents the consolidated costs, including an amount of €3,693,339 from the operating activities of the FRES companies.

The decrease in publication and communication costs from €52,261 (2022) to €37,878 (2023) is the result of strict cost-cutting measures implemented across all our FRES companies as well as the optimization of field operations where possible.

The increase in office and general expenses from €37,901 (2022) to €58,600 (2023) is due to extra financial support provided to FRES Guiné-Bissau.

Proposed appropriation of the 2023 results

For the proposed appropriation of the 2023 results amounting to -€1,477,775, we refer to the overview below.

Amsterdam, September 6, 2024

FRES Board

Wim Plaizier
Serge Leijten
Lidwien Schils
Wim Sinke
Sophie Dingenen
Femke Smeets
Tanja Pelle
Ratidzo Michelle Makoni

4.2 OTHER INFORMATION

No auditor's report included

The foundation has a social mission and is a charitable organization (not-for-profit). In accordance with article 297a, subsection 1, and with article 360, subsection 3, Book 2 of the Dutch Civil Code, the annual accounts of the foundation are not audited. Consequently, no auditor's report is included.

Statutory arrangement concerning the appropriation of results

No provision regarding the appropriation of results has been included in the Articles of Association.

Adoption and approval of the 2023 annual accounts

The 2023 annual accounts were adopted at a board meeting held on September 6, 2024.

Changes to the board

Paul Hol stepped down as a board member at the beginning of 2022 and was succeeded by Tanja Pelle. Roland van der Pouw left the board in June 2023 and was not replaced. Ido Verhagen stepped down as managing director and was replaced by Ratidzo Michelle Makoni, as both the FRES COO/ CFO and board member.

| | Balance as on 1-1-2023 | Appropriation of results 2023 | Balance as on 31-12-2023 |
|---|---------------------------|----------------------------------|-----------------------------|
| Continuity reserve FRES The Netherlands | 250.000 | - | 250.000 |
| Reserve for pre-financing future investments FRES companies | 3.000.000 | - | 3.000.000 |
| Reserve for financing assets FRES companies | 3.885.801 | 1.475.249- | 2.410.552 |
| Reserve for financing assets FRES The Netherlands | 2.659 | 2.526- | 133 |
| Total | 7.138.460 | 1.477.775- | 5.660.685 |

4 Financial report 2023

4.3 ANNEX TO THE ANNUAL ACCOUNTS 2023

Expenses split per subsidiary

| | Actual 2023 | Actual 2022 | Budget 2023 |
|--|------------------|------------------|------------------|
| Expenses for regular company activities | 3.100.632 | 3.554.543 | 2.898.688 |
| Yeelen Kura, Mali | 957.249 | 1.315.130 | 947.913 |
| Yeelen Ba, Burkina Faso | 559.379 | 640.111 | 553.903 |
| FRES Uganda, Uganda | 1.150.695 | 1.100.916 | 791.474 |
| FRES Guiné-Bissau, Guinea-Bissau | 433.309 | 498.386 | 605.398 |
| Expenses for company expansion | 1.075.677 | 1.487.631 | 794.651 |
| Yeelen Kura, Mali | 857.975 | 1.012.195 | 695.088 |
| Yeelen Ba, Burkina Faso | 26.225 | 292.823 | 30.566 |
| FRES Uganda, Uganda | 77.999 | 132.794 | 57.563 |
| FRES Guiné-Bissau, Guinea-Bissau | 113.478 | 49.819 | 11.434 |
| Expenses for new initiatives | - | - | - |
| New initiatives remaining countries | - | - | - |
| Subtotal | 4.176.309 | 5.042.174 | 3.693.339 |

4 Financial report 2023

Tangible fixed assets split per subsidiary

| | Installations and materials FRES Guiné-Bissau | Installations and materials FRES Uganda | Land and buildings Yeelen Kura | Installations and materials Yeelen Kura | Installations and materials Yeelen Ba | Furniture office | Computers, software and office equipment | Total |
|--|---|---|--------------------------------|---|---------------------------------------|------------------|--|------------------|
| Historical cost | - | 3,348,429 | 882,883 | 12,253,905 | 1,759,469 | 10,840 | 33,054 | 18,288,580 |
| Accumulated depreciation and impairments | - | 2,437,134 | 288,213 | 7,744,938 | 1,348,041 | 9,034 | 32,201 | 11,859,561 |
| Balance as on January 1 | - | 911,295 | 594,670 | 4,508,967 | 411,428 | 1,806 | 853 | 6,429,019 |
| Movements | | | | | | | | |
| Investments/disposal | - | 13,549 | 21,027 | 132,945 | 22,274 | 0 | - | 145,427 |
| Exchange differences | - | 43,183- | - | - | - | 0 | - | 43,183- |
| Depreciation | - | 55,705 | 34,466 | 722,912 | 119,635 | 1,806 | 720 | 935,244 |
| Total movements | - | 85,339- | 13,439- | 589,967 | 141,909 | 1,806 - | 720 - | 833,180- |
| Historical cost | - | 3.318.795 | 903.910 | 12.386.850 | 1.737.195 | 10.840 | 33.054 | 18.390.644 |
| Accumulated depreciation and impairments | - | 2.492.839 | 322.679 | 8.467.850 | 1.467.676 | 10.840 | 32.921 | 12.794.805 |
| Balance as on December 31 | - | 825.956 | 581.231 | 3.919.000 | 269.519 | - | 133 | 5.595.839 |

4 Financial report 2023

Receivables split per subsidiary

| | 31-12-2023 Total | 31-12-2022 Total |
|---|---------------------|---------------------|
| Receivables FRES | 0 | 0 |
| Receivables FRES companies | 701.655 | 682.484 |
| Prepayments FRES | 14.609 | 13.554 |
| Prepayments FRES companies | 13.071 | 10.281 |
| Other receivables and accrued income | 3.317 | 3.595 |
| Other receivables and accrued income FRES companies | 109.827 | 140.674 |
| Total | 842.479 | 850.588 |

Short-term debts and accrued income split

| | 31-12-2023 | 31-12-2022 |
|-------------------------------|------------------|------------------|
| Creditors | 30.019 | 147.823 |
| Creditors FRES companies | 59.468 | 77.173 |
| Other payables | 109.259 | 63.491 |
| Other payables FRES companies | 2.083.717 | 2.244.649 |
| Total | 2.282.463 | 2.533.136 |

4 Financial report 2023

Result subsidiaries split

| | Actual 2023 | Actual 2022 |
|-------------------------------------|-----------------|-----------------|
| Result subsidiary Yeelen Kura | 122.868- | 237.745- |
| Result subsidiary FRES Uganda | 209.591- | 23.687 |
| Result subsidiary FRES Guiné-Bissau | 19.406- | 45.551- |
| Result subsidiary Yeelen Ba | 217.694- | 35.030- |
| Total | 569.559- | 294.639- |

4.4 INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Auditors



Baker Tilly (Netherlands) N.V.
Fascinatio Boulevard 260
PO Box 3545
3009 AM Rotterdam
Netherlands

T: +31 (0)10 253 59 00
F: +31 (0)10 253 59 99

rotterdam@bakertilly.nl
www.bakertilly.nl

Reg.no.: 24425560

Stichting Rural Energy Services

Our conclusion

We have reviewed the financial statements 2023 of Stichting Rural Energy Services based in Amsterdam.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view of the financial position of Stichting Rural Energy Services as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2023;
- the profit and loss account for 2023; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2400 'Opdrachten tot het beoordelen van financiële overzichten' (engagements to review financial statements). A review of financial statements in accordance with the Dutch Standard 2400 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the financial statements' section of our report.

We are independent of Stichting Rural Energy Services in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of uncertainty with respect to the going concern principle

We draw attention to note 'Going concern' on page 53 to the financial statements which describes the uncertainty related to the going concern principles and the possibility of a full wind-down and liquidation of the Dutch foundation in 2025. Our conclusion is not modified in respect of this matter.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for

Auditors



such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2400.

Our review included among others:

- Obtaining an understanding in the entity and its environment and the applicable financial reporting framework, in order to identify areas in the financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of the entity's accounting systems and accounting records and consider whether these generate data that is adequate for the purpose of performing the analytical procedures;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the financial statements;
- Obtaining assurance evidence that the financial statements agree with, or reconcile to, the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering the appropriateness of accounting policies used and considering whether the accounting estimates and related disclosures made by management appear reasonable;
- Considering the overall presentation, structure and content of the financial statements, including the disclosures; and
- Considering whether the financial statements and the related disclosures represent the underlying transactions and events in a manner that appears to give a true and fair view.

Rotterdam, 20 September 2024

Baker Tilly (Netherlands) N.V.

L. den Boer RA

ACRONYMS

| | |
|------------------|--|
| EEP | Energy and Environment Partnership |
| FRES | Foundation Rural Energy Services |
| GIZ | German Agency for International Cooperation |
| kWh | kilowatt hour |
| kWp | kilowatt peak |
| MWh | megawatt hour |
| NGO | nongovernmental organization |
| ROGEAP | Regional Off-Grid Electricity Access Project |
| RVO | Netherlands Enterprise Agency |
| SDG | Sustainable Development Goal |
| SHS | solar home system |
| SME | small and medium-sized enterprise |
| SWOT | strengths, weaknesses, opportunities, and threats |
| tCO ₂ | total carbon dioxide |
| UNCDF | UN Capital Development Fund |
| UNEP | UN Environment Programme |
| USAID | United States Agency for International Development |

BENEFICIARIES CALCULATIONS

To calculate the number of beneficiaries that FRES reaches, we apply the industry-accepted multiplier of five times the total number of connections. For references made to the beneficiaries of business segments, such as schools, hospitals and places of worship, FRES bases these calculations on data collected by the FRES companies.

Colophon

This annual report was published
by **FRES (Foundation Rural Energy
Services)**

Plantage Middenlaan 2G
1018 DD Amsterdam
The Netherlands

T +31 (0) 20 528 90 56
E info@fres.nl
W www.fres.nl

Photography

Fahissal Swasogo (pages 1, 17, 27, 41, 49)
FRES (page 36)
John Kalapo (pages 8, 9, 15, 20, 23, 38,
59, 80)
Mícheal Tumu (pages 3, 28, 31, 39)
Danilo Pereira Vaz (pages 2, 10, 32, 35)
Zouré (page 6)
Boro Moussa (page 24)

Design

Ndoc.nl, Buren, The Netherlands

Editor

Cecily Layzell

© 2024. All rights reserved



◀ The solar water-pumping
installation in the village of
Diaramana, Mali. The system
became operational in 2021
and is used by Sanouya, a
cooperative of 150 women,
for irrigation.