



# ANNUAL REPORT 2021

MPC Energy Solutions

# KEY ACCOMPLISHMENTS SINCE IPO

- + Team-ramp up from 2 to 16 employees
- + Construction start of 26.6 MW solar PV plant Planeta Rica in Colombia
- + Construction start of 12.3 MW solar PV plant Los Girasoles in Colombia
- + Construction start of 21.3 MW solar PV plant Santa Rosa & Villa Sol in El Salvador
- + Capital deployment for 35.7 MW solar PV and energy storage project Basseterre on the Caribbean island of St. Kitts
- + Acquisition of 15.8 MW operational solar PV plant Los Santos I in Mexico, with the option to expand to 90 MW
- + Signing of share purchase agreement for combined heat and power plant Neol CHP in Puerto Rico
- + Partnership agreements with Enernet Global, Soventix Caribbean and Leclanché
- + Development progress in Colombia, Jamaica and the Dominican Republic



## **MPC ENERGY SOLUTIONS IS AN INDEPENDENT POWER PRODUCER (IPP).**

We develop, build and operate renewable energy assets, including utility-scale solar photovoltaics (PV) and onshore wind plants, as well as combined-heat-and-power (CHP) installations, energy efficiency and hybrid projects, combining renewable sources and energy storage technologies.

We generate and deliver clean and affordable energy to public, commercial and industrial private off-takers in developing markets, supporting the transition towards a net-zero-emission future. To sell the energy we produce in our plants, we usually close long-term power purchase agreements (PPA) in the markets we operate in, which lead to predictable cash flows for our projects while simultaneously allowing off-takers to purchase energy at reliable prices that are usually lower than the applicable tariffs from the public utilities.

The Company is currently active in several countries across Latin America and the Caribbean, which we have defined as our launch region. MPCES also intends to expand its business beyond the launch region and to replicate its business model in other attractive regions, e.g. in South East Asia and Australia.

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# LETTER TO OUR SHAREHOLDERS

“Renewable energy plays an essential role on the road to climate change and a zero-emission society. As a global provider of sustainable energy solutions, we are committed to supporting this goal and assuming responsibility for our actions along the way.”

Martin Vogt, CEO

**Dear Readers,  
Dear Shareholders,**


Fiscal Year 2021 was a special year for us. We raised USD 100 million in an IPO in January, and subsequently began to ramp-up our organization, start construction on our first renewable energy projects, and developed our significant backlog to greater maturity. Through the efforts of our colleagues in Colombia, Panama and Amsterdam, we made tremendous progress last year despite significant, unforeseen and prolonged challenges. Our employees have shown collective resilience and singular commitment to moving our projects forward. Each and every one of them is an ambassador of our vision and mission. We are thankful for their professionalism and passion as we navigated the impact of the COVID-19 pandemic together.

## KEY ACCOMPLISHMENTS SINCE OUR IPO

During 2021, which marked our first full year of operations and began with our IPO on the Oslo Stock Exchange in January, we built our organization and prepared our Company for long-term growth. The team across our three offices grew from two to 16 employees, adding experience in project development, construction and administrative functions.

**Among our operational key achievements since the IPO, we are particularly proud of the following:**

- + In Colombia, one of our core markets in Latin America, we began construction on two projects: Planeta Rica and Los Girasoles. Both Planeta Rica, a 26.6 MW solar PV plant in Córdoba which we co-own with French developer Akuo Energy, and Los Girasoles, a 12.3 MW solar PV plant located in Norte Santander, will commence operations later in 2022. Both projects have secured long-term power purchase agreements (PPAs) with local distribution Company Celsia (Planeta Rica) and energy trader Spectrum (Los Girasoles). The two projects are expected to generate a combined total annual energy output of 61 GWh.



The Latin America and Caribbean region has abundant sources of sun irradiation and wind.

- + In El Salvador, construction works for our solar PV plants Santa Rosa and Villa Sol began in late 2021. Both plants are located in the same site and combine for a total of 21.3 MW. Once operational at the end of 2022, the plants will generate and sell 43 GWh per year under a 20-year PPA with local distribution Company CAAES.
- + On the Caribbean islands of St. Kitts and Nevis, which are currently heavily dependent on expensive fossil energy for their power production, our first hybrid project, a combination of a 35.7 MW solar PV plant and highly innovative 18.2 MWh battery energy storage system, is scheduled to commence operations in the first half of 2023. The project is a cooperation with our partner Leclanché S.A. from Switzerland. The plant, which is our single largest investment to-date, will deliver almost one third of the islands base electricity, replacing expensive and fossil-based power generation with cleaner and more affordable renewable sources. Local power utility SKELEC will purchase the energy generated by the plant, an estimated 64 GWh per year, under a 20-year PPA.
- + In Mexico, we signed a share purchase agreement for a 15.8 MW solar PV plant, and successfully closed the transaction in February 2022. The plant has been operational since 2017 and generates and sells 34 GWh per year to several off-takers, among them German cable manufacturer Leoni. As part of the acquisition, we also secured pre-emptive purchase rights to an additional 75 MW solar PV project currently under development in proximity to the existing plant.
- + And in Puerto Rico, our strategic partner Enernet Global, a US-based microgrid developer with projects in Latin America, the Caribbean, South East Asia and Australia, successfully developed and built a 3.4 MW combined-heat-and-power(CHP) plant for the Mexican pharmaceutical Company Neolpharma. The testing phase for the plant was successfully completed in March 2022. The plant will deliver steam and electricity to Neolpharma under a 12-year PPA.

**We also significantly progressed and expanded our development efforts throughout the region, some of which are of particular importance to our future growth and diversification across the region:**

- + In Colombia, three of the projects contributed to the Company from our sponsor MPC Capital prior to the IPO secured land plots and two of them already have secured grid access in place. In 2022, we will focus on signing PPAs for these projects and achieving ready-to-build status by early 2023. The three projects will have a combined installed capacity of 150 MW.
- + In Jamaica, we are preparing our 86 MW solar PV project Acacia for an announced tender from the power utility JPS Co. The land has already been secured and we intend to sign a PPA for this project as a result of the tender.
- + In the Dominican Republic, we have signed a development agreement with local developer Soventix Caribbean to develop and build a 50 MW to 100 MW solar PV plant. The land for the project has already been secured.

## COVID-19

During 2021, our organization had to deal with the impact and consequences of the prevailing COVID-19 pandemic. The challenges we had to address were, beyond the safekeeping and health of our employees, related to delays in our development activities following shutdowns of government agencies and municipalities and imposed travel restrictions in the countries we operate in. In addition, supply chain disruptions and increased material and transportation costs affected the capital expenditure of projects entering the construction phase.

Together with our local teams and project partners, we were able to limit the overall effect of these challenges on our projects and, while facing delays, did not abandon any of our projects and were able to defend the expected returns we seek from our investments.

## WAR IN UKRAINE

On February 24, Russia invaded Ukraine. While we are not directly affected since our business is focused on Latin America and the Caribbean, and we have no suppliers or business partners from Ukraine and Russia, we are horrified by the human loss and suffering caused by this atrocious attack. We hope that this conflict will be resolved soon and that people in Ukraine can once again live in peace. As Management Board, we are naturally monitoring the situation and potential detrimental impacts on our business closely, in particular indirect effects like supply chain interruptions, influences on inflation and PPA prices, and currency fluctuations.

## OUTLOOK FOR 2022

As of the writing of this report, we have two assets under operation and several under construction, three of which will deliver "first energy" by the end of this year. At the end of 2022, MPCES will have operational power plants with a proportionate combined installed capacity of over 66 MW by year-end, delivering 61 GWh (102 GWh in a full operational year) of clean and affordable energy per year. We expect proportionate total revenues to be between USD 4.5 and 5.0 million in 2022.

Our Company used its first year after the IPO to successfully lay the foundation for generating predictable cash flows and achieving profitable growth. With our strong pipeline of projects and our local presence in Latin America and the Caribbean, we have positioned MPC Energy Solutions as a leading independent power producer (IPP) with superior growth prospects in a highly dynamic industry.

We are excited about the many opportunities for our Company and will create long-term value for our stakeholders and shareholders, to which we express appreciation for their continued support.

Sincerely,

19 April 2022

The Management Board of MPC Energy Solutions N.V.



**Martin Vogt**  
Chief Executive Officer



**Stefan H.A. Meichsner**  
Chief Financial Officer

# REPORT OF THE MANAGEMENT BOARD



# OUR BUSINESS

MPC Energy Solutions is an independent power producer (IPP). We develop, build and operate renewable energy assets, including utility-scale solar photovoltaics (PV) and onshore wind plants, as well as combined-heat-and-power (CHP) installations, energy efficiency and hybrid projects, combining renewable sources and energy storage technologies.

We generate and deliver clean and affordable energy to public, commercial and industrial private off-takers in developing markets, supporting the transition towards a net-zero-emission future. To sell the energy we produce in our plants, we usually close long-term power purchase agreements (PPA) in the markets we operate in, which lead to predictable cash flows for our projects while simultaneously allowing off-takers to purchase energy at reliable prices that are usually lower than the applicable tariffs from the public utilities.

The Company is currently active in several countries across Latin America and the Caribbean, which we have defined as our launch region. MPCES also intends to expand its business beyond the launch region and to replicate its business model in other attractive regions, e.g. in South East Asia and Australia.



Solar PV



Wind power



Hybrid



Energy Efficiency

“It is our goal to have a positive lasting impact and not just focus on short-term, one-off measures. That is at the core of everything we do.”

## MARKET OUTLOOK

### Global economic outlook

The International Monetary Fund (IMF) expects global growth to be 4.4% in 2022, and moderate to 3.8% the year after. The continuing global recovery amidst the Covid-19 pandemic faces multiple challenges. In particular supply chain disruptions remain a challenge in many advanced, emerging and developing economies, and contribute to an observed increase in inflation rates. Central banks around the world are expected to tighten their monetary policies. And new virus variants and consequential lockdowns could lead to further supply constraints.

### The renewable energy market

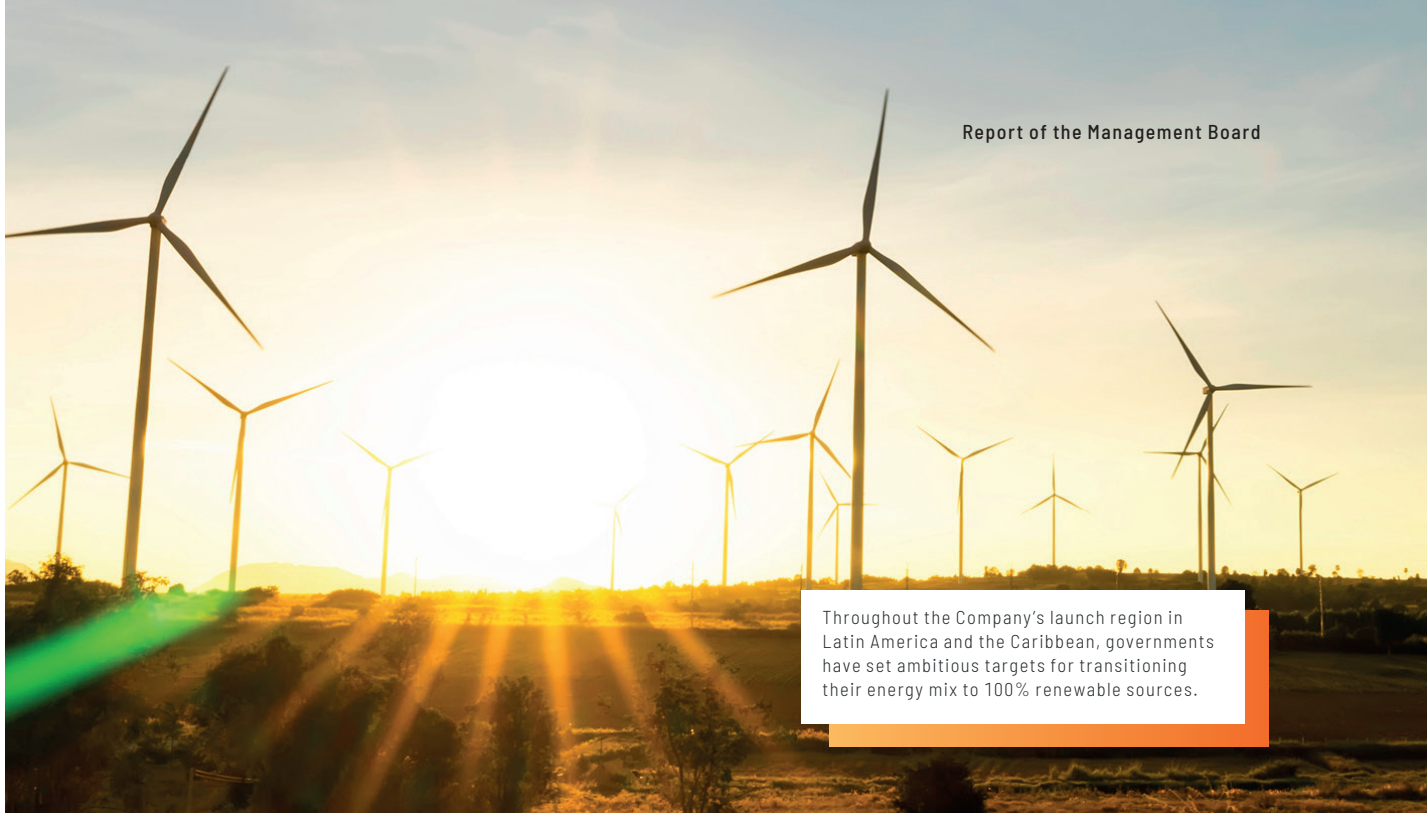
Renewable energy is expected to see continued growth in 2022 and the years after, driven by commitments and policies in many countries to contribute to and achieve the transition to a net-zero future, as well as by a growing energy demand and the need for affordable and clean energy sources. Generally, conditions and frameworks for the industry are continuously improving. Competitive auctions, a growing market for (corporate) PPAs and ambitious renewable targets in many countries support the overall positive outlook.

According to the International Energy Agency (IEA), improved policies and COP26 climate goals are set to propel energy generated from renewable sources to new records over the next few years. In 2022, at least 295 GW of renewable energy assets are expected to be installed globally, with solar PV (181 GW, thereof 114 GW utility-scale) is supposed to lead the way for the global expansion of the overall installed renewable base, followed by onshore and offshore wind (89 GW, thereof 80% onshore).

In addition, the capacity for energy storage is expected to increase rapidly and significantly. A projection published by BloombergNEF suggests that co-located renewables-plus-storage projects, in particular solar-plus-storage, will become standard globally.

Recent uncertainties in the industry caused by high commodity prices and supply chain disruptions are expected to ease off over time. Higher natural gas prices and coal prices have again improved the competitiveness of wind and solar PV. Especially for corporations, long-term fixed price PPAs serve as a hedge against the volatility of fossil fuel prices.

To achieve net-zero by 2050, the IEA proclaims that, despite the significant expansion of renewables already underway, governments need to further increase their ambitions, building on the momentum for competitive solar and wind assets. Governments should consider targeting much more economic recovery spending on renewables while also putting in place policies and regulations enabling higher mobilization of private capital in the sector. And the Intergovernmental Panel on Climate Change (IPCC) highlighted in its recent publication that, while costs for solar, wind energy and energy storage systems have seen sustained decreases, and policies have enhanced energy efficiency and an accelerated deployment of renewable energy, immediate and deep emission reductions are still required across all sectors. Policies, regulations and market instruments need to be scaled up and applied more widely. According to the IPCC, limiting global warming will require major transitions in the energy sector. This will involve a substantial reduction in fossil fuel use, widespread electrification, improved energy efficiency, and use of alternative fuels.



Throughout the Company's launch region in Latin America and the Caribbean, governments have set ambitious targets for transitioning their energy mix to 100% renewable sources.

## Market dynamics in Latin America and the Caribbean

Throughout the Company's launch region in Latin America and the Caribbean, various governments have set ambitious targets for transitioning their energy mix to 100% renewable sources. The energy transition is supposed to deliver lower overall electricity prices and reduce the dependency on expensive fossil fuel sources damaging the environment.

We estimate overall opportunities in the region to exceed 45 GW of new renewable capacity to be installed until 2030. The largest markets in the region in terms of expected new capacity installed until 2030 are Mexico, Colombia, the Dominican Republic and Panama. MPCES is already active in all of these markets.

In the Caribbean, the expansion plans are among the most ambitious, but not large in absolute of capacity installed, with 4 GW of additional capacity to be added by 2030. However, the transition is significantly more impactful, given the current high reliance on fossil fuels and imminent high energy prices.

## War in Ukraine

The geopolitical situation in Europe intensified with Russia's invasion of Ukraine in February 2022. Aside from the horrible impact this war has on human lives, the war is also increasingly affecting economies and global financial markets. Sanctions have been and will continue to be imposed, and inflation, supply chain disruptions, and access to commodities present ongoing challenges.

As the Company's business activities are focused in Latin America and the Caribbean, there is no immediate direct impact on its activities or prospects. However, indirect effects may impact the business, both positively and negatively.

Potential negative effects include, without being limited to, higher transportation costs and delayed shipment, volatility in commodity prices and currencies, and cyber attacks.

Potential positive impacts are mainly twofold. Firstly, the increase in energy prices (fossil fuels like oil and gas) have accelerated the political will to transition to alternative sources, including renewable energies, potentially increasing investments and political support for the sector. And secondly, higher energy prices will likely be reflected in the price level of PPAs the Company intends to close for several of its projects in the coming months.

The management is actively monitoring the situation and potential detrimental impacts closely. As of the writing of this report, the recoverability and value of the Company's assets is not negatively affected. There is no loss of control or of the Company's abilities to exercise influence on the assets and projects it controls. Contractual agreements were not cancelled or modified as a result of the war and its effects, and the Company has not seen any negative effects on foreign currency transactions. The Company does not have suppliers from Russia or Ukraine.

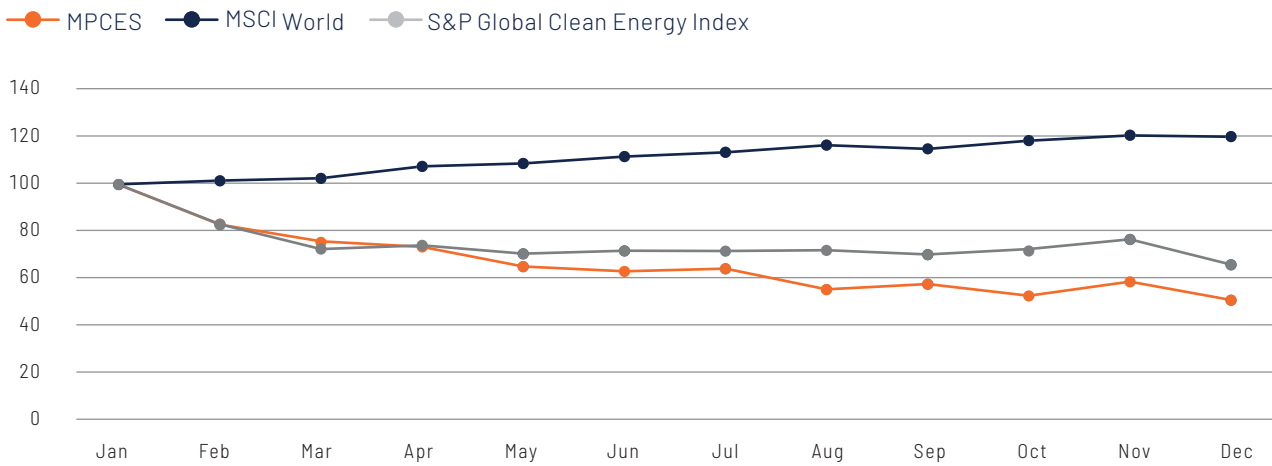
## COVID-19

The effects of the COVID-19 pandemic on MPCES and its projects have mostly been contained in 2021. However, as communicated in previously published reports, development activities have been delayed in certain countries and jurisdictions, mostly related to government permits. The pandemic will likely continue to have such effects on the Company's business and the global economy.

## OUR STOCK

Our stock began trading under the ticker symbol “MPCES” (ISIN: NL0015268814) on the Oslo Stock Exchange on 22 January 2021. We have summarized the indexed (22 January 2021 = 100) performance of our share and appropriate benchmarks below.

### Highest, lowest and average stock exchange from 1 January to 31 December 2021 in EUR



	22/01/2021	2021		
		highest	lowest	average
MPC Energy Solutions	100.0	97.5	51.5	64.7
MSCI World	100.0	119.4	96.5	110.1
S&P Global Clean Energy Index	100.0	98.6	62.4	72.1

## RISK FACTORS

The Company is exposed to a variety of risks. It is considered practically impossible to systematically and sustainably generate risk-free profits. Risks are part and parcel of every Company's business activities, and dealing with these risks is among the most important entrepreneurial duties. The Management Board aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities.

The Company determines its risk appetite as part of its risk assessment. Risks exceed the Company's risk appetite when:

- + they threaten the Company's continuity
- + they threaten the Company's reputation in the field of compliance and integrity
- + they have a significant impact on the Company's revenues or a material impact on our profitability

The Company considers all known risks and takes appropriate action to mitigate the impact. Fully mitigating a risk may not always be desirable, as we also take into account any opportunities that may be associated with a risk.

### Market risks

The sales of electricity constitutes a material share of the revenue of MPCES and its subsidiaries (collectively referred to as "Group") and, therefore, the Group's business, financial position, results of operation and cash flow are affected by changes in electricity prices. As a result, market risk mainly relates to the attractiveness of renewable energy projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets. The Company intends to manage this risk through developing a robust portfolio of diversified projects in different markets, off-takers and technologies as well as aim to reduce the effect of price fluctuation by entering into long-term fixed-price PPA. The risk exposure of the Company to the power market will depend on the length and characteristic of such PPA.

There can be no assurance that any or all of the power purchasers, both public and corporate off-takers, will fulfil their obligations under their PPA. There are additional risks relating to the PPA, including the occurrence of price volatility or events beyond the control of an off-taker that may excuse it from its obligations under the PPA. Although the Company will take reasonable steps to conduct adequate due diligence in respect of such counterparties, such counterparties may fail to perform their obligations in the manner anticipated by Company. This may result in unexpected costs or a reduction in expected revenues for the Company.

The Company has originated an extensive project pipeline, but further growth of the business will depend on several factors such as project availability, governmental licenses and approvals, access to competitive financing, price development for alternative sources of energy and the regulatory and economic framework in the relevant markets the Company operates. The Company mitigates these risks through comprehensive due diligence processes that are done in close cooperation with several advisors.

### Operational risks

The main operational risks relate to the successful execution of the project development pipeline through financial close and into construction, timely completion of power plants under construction and performance of operating power plants.

Operational risks arising from the development, construction and operation of the projects include the risk of mechanical breakdown, spare parts shortages, failure to perform according to design specifications and other unanticipated events that adversely affect development, construction and operations. While in certain investments, creditworthy and appropriately insured third parties may bear some of these risks, there can be no assurance that any or all such risk can be mitigated or that such parties, if present, will perform their obligations or that insurance will be available on commercially reasonable terms.

The business of the Company is project-related and most of the risks that the business is exposed to are contained and actively managed within individual projects, however, taking a portfolio perspective when actively taking on energy market risks. In order to operate its business efficiently, the Company accepts a low risk appetite for certain operational and technical risks.

### Financial risks

Through its business activities, the Company is exposed to financial risk, including currency risk, credit risk, liquidity risk and interest rate risk. For description and management of financial risk, please refer to the section "Other Notes to the Consolidated Accounts". The Company acknowledges that financial risks will not be eliminated in full, and accepts residual risks placed under systematic monitoring.

Financial risks have become more difficult to assess and predict since the invasion of Ukraine by Russia in February of 2022 and the ongoing war in the country. The effect of changes in key macroeconomic factors may have an impact on the Company's future cash flows. Risks include, but are not limited to, the effects of rising inflation and interest rate fluctuations.

## Political and legal risks

The Company holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities, among others in connection with obtaining licenses and permits, government guarantees, taxation and other obligations regulated by law. Regulatory authorities exercise considerable discretion in matters of, for example, enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits or capital transfer restrictions.

Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can negatively impact the Group's operations, business, financial performance and prospects. The Company intends to mitigate political risk in emerging markets through, for example, relationships with local governance and regulatory bodies and partnerships with development banks as project finance lenders. In addition, political and legal risk is addressed by diversifying the exposure to individual countries.

## Environmental, social and governance risks

Risks relate to climate change impact mitigation and adaptation, environmental management practices, and working and safety conditions, respect for human rights, gender diversification, anti-bribery and anti-corruption practices, and compliance to relevant laws, regulations and best-practice guidelines. Together with external advisors the Company assesses and manages these risks by the development of rigid internal guidelines. The Company stresses a zero-tolerance for risks related to, for example, bribery, corruption, health, safety and the environment.

## Personnel risks

The continued progress of the Company depends heavily on the knowledge, experience and network of key personnel as well as access to new talent and as such only accepts a low risk appetite with respect to personnel risks. Personnel risk mitigation procedures include pre- and post-hire preparations, routine employee development reviews, jour fixes and a methodical expansion of internal resources for business-critical processes.

## IT risks

The Company uses information technology (IT) systems to communicate with and monitor its assets, and the assets rely on IT systems for their operations. The Company purchases IT services from third parties that have safety measures in place for its systems, there can be no assurance that any of the measures will not be circumvented in the future, or that the Company will be able to successfully identify and prevent cybersecurity issues in the future. Any disruption, failure or security breaches of the Company's systems could disrupt the Company's operations and result in decreased performance, significant costs, downtime and data loss. The Company purchases IT services from third parties that offer comprehensive security strategies that closely matches the Company's business objectives, with an aim to reduce IT risks to an absolute minimum.

## IMPROVEMENTS ON THE RISK MANAGEMENT SYSTEM

The Company reviews its methodology of risk management on a regular basis to check whether it meets the current needs and requirements of the Management Board. As part of this review, MPCES evaluates its internal controls and systems for risk management and updates them where needed.

## CONSOLIDATED FINANCIAL RESULTS

Among the key performance indicators (KPIs) actively tracked by management as alternative performance measures (APMs), the energy output of our plants, generated revenue and operating profit (measured by EBITDA<sup>1</sup>) are among the most important ones. Given that fiscal year 2021 our Company was still in the ramp-up phase and had no operational assets, no output and revenue were generated. We include it in the table below as a reference point for future updates.

USD millions unless stated otherwise	2021	2020
Output (MWh)	-	-
Revenue per (MWh)	-	-
Revenue	-	-
EBITDA <sup>1</sup>	(2.9)	(0.9)
EPS (in USD)	(0.12)	(0.67)
Total assets	86.1	1.3
Total equity	82.8	(0.5)
Cash and cash equivalents	56.9	0.4
Cash flow from operations	(3.4)	0.1
Cash flow from investing activities	(25.6)	(0.8)
Cash flow from financing activities	85.9	1.1
FX differences	(0.4)	-
Total cash flow for the year	56.5	0.4


<sup>1</sup> EBITDA = Earnings before Interest, Taxes, Depreciation and Amortization.

EBITDA Reconciliation <sup>2</sup> , in million USD	2021	2020
Profit / loss before income tax (EBT)	(2.7)	(0.9)
Share of result of joint ventures	(0.0)	-
Financial income and expenses	0.2	-
Depreciation	0.0	0.0
<b>EBITDA</b>	<b>(2.9)</b>	<b>(0.9)</b>

<sup>2</sup> Please refer to the consolidated income statement in this report for details.

In the fiscal year 2021, climate-related matters did not impact judgements or assessments made when preparing the APMs and financial statements. For further information, please refer to our separately published "Sustainability and ESG Report", outlining our goals, principles and focus areas with regards to our ESG activities. The report can be found on our website:

 **ESG Report**  
[www.mpc-energysolutions.com/sustainability/esg-resources](http://www.mpc-energysolutions.com/sustainability/esg-resources)



For our projects we cover the whole value chain.

## Income statement

In 2021, the Company had no operational assets yet and therefore did not generate any revenues. For the fiscal year, the Company recorded a net loss of USD 2.7 million (2020: net loss of USD 0.9 million).

## Balance sheet

As of 31 December 2021, the Company had total assets of USD 86.1 million (2020: USD 1.3 million), which comprised of USD 28.9 million non-current assets (2020: USD 0.8 million), reflecting the Company's investments in projects and project companies. Current assets as of 31 December 2021 stood at USD 57.2 million (2020: USD 0.5 million), of which USD 56.9 million were cash and cash equivalents (2020: USD 0.4 million). The Company reported total equity of USD 82.8 million (2020: negative equity of USD 0.5 million) and current liabilities of USD 2.9 million (2020: USD 1.9 million). The increase in equity was attributable to the capital increase following the IPO in January 2021. As of 31 December 2021, the Company had no long-term debt.

## Cash flow statement

The Company generated negative cash flows from operations in 2021 in the amount of USD 3.4 million (2020: positive cash flows of USD 0.1 million). Cash flows from investing activities was also negative and totaled USD 25.6 million (2020: also negative, USD 0.8 million). Cash flows from financing activities amounted to USD 85.9 million in 2021 (2020: also positive, USD 1.1 million). Differences from exchange rate movements stood at USD 0.4 million (2020: nil). Total cash flows were USD 56.5 million (2020: USD 0.4 million).

## RESEARCH AND DEVELOPMENT

There were no research activities in the fiscal year 2021.

Expenses related to project development activities, which were mainly conducted in Colombia, El Salvador and Jamaica during the fiscal year 2021, are capitalized to the extent that the respective project is technically and commercially viable and the Group has sufficient resources to complete the development work.

Please refer to the notes to the consolidated financial statements for further explanations on our accounting policies.

## MANAGEMENT BOARD

As of 31 December 2021, the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are the only members of the Management Board.

The Company aims to provide equal opportunities to men and women when selecting new board members with a target of having women represent at least one third of its members of the Management Board in future.



## GOING CONCERN

This report and the financial statements were prepared on a going concern basis, which assumes that the Company will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

## SUBSEQUENT EVENTS

In January 2022, MPCES provided a shareholder loan in the amount of USD 3.9 million to its 100% subsidiary Bonilla Zelaya Ingenieros Constructores SA de CV (El Salvador) in connection with funding the construction of the solar PV plant Santa Rosa & Villa Sol. The subsidiary is fully consolidated.

Also in January 2022, the Company invested USD 11.3 million equity in its wholly-owned subsidiary Parque Solar Los Girasoles SAS ESP (Colombia) to fund the construction of the solar PV plant. The subsidiary is fully consolidated.

In addition, in January 2022, MPCES subscribed to a convertible note issued by Enernet Global in the amount of USD 1.0 million.

In 4 February 2022, MPCES successfully closed the acquisition of Los Santos I SAPI de CV (Mexico) and paid a partial purchase price of USD 2.5 million for all issued shares in the Company. An additional USD 2.5 million might be paid at a later stage as a deferred purchase price payment. The subsidiary will be fully consolidated.

Also in February 2022, Russia invaded Ukraine and the countries are at war since. Please refer to the "Report of the Management Board" for a more detailed assessment.

At the end of March 2021, El Salvador's parliament approved a stage of emergency after violence among gangs escalated and more than 60 people were killed. The measures taken by the government do not restrict our ability to continue construction of our projects Santa Rosa and Villa Sol, but we decided to take additional security measures which will result in immaterial extra costs. The Management Board is monitoring the situation closely.

On 29 March 2022, MPCES successfully closed the acquisition of Neol CHP LLC (Puerto Rico). An equity contribution of USD 6.0 million was made to the entity, and an additional USD 3.0 million was paid as consideration for the shares acquired from existing shareholders. The Group owns 95% of the common equity in the entity.

## FORWARD-LOOKING STATEMENTS

Certain statements made in this annual report, including financial estimates and comments about the Company's plans, expectations, beliefs or business prospects and other statements that are not historical in nature may constitute forward-looking statements under the securities laws. We make these statements on the basis of our views and assumptions regarding future events and business performance at the time we make them, and we do not undertake any obligation to update these statements in the future. Forward-looking statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results expressed or implied in light of a variety of factors, including factors contained in our financial statements, filings and other releases.

# OUR COMMITMENT TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

“In order to become a sustainability leader within our field, it is vital to have a full overview of how we impact and get impacted by the environment we operate within and to measure this impact along our entire value chain.”

## **Our strategy is sustainable – we act consistently**

The last year has been like no other and proven that we need to cooperate and act proactively and responsibly. We face social and environmental challenges, and as a Company and individuals need to help address them.

For the first time in our Company's history, we have prepared and published a ESG Report, outlining our goals, principles and focus areas with regards to our ESG sustainability profile. The report can be found on our website:



**ESG Report**

[www.mpc-energysolutions.com/sustainability/esg-resources](http://www.mpc-energysolutions.com/sustainability/esg-resources)

# RESPONSIBILITY STATEMENT

“Our business actively supports the energy transition with a positive environmental and social impact.”

## We combine experience with future-oriented investments

We confirm that, to the best of our knowledge, the consolidated and Company financial statements presented in this annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the provisions of Part 9, Book 2, of the Dutch Civil Code, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation as a whole.

We also confirm, to the best of our knowledge, that our report includes a fair review of the development and performance of the business and the position of the Group and a description of risks and uncertainties.

19 April 2022

The Management Board of MPC Energy Solutions N.V.



**Martin Vogt**  
Chief Executive Officer



**Stefan H.A. Meichsner**  
Chief Financial Officer

# REPORT OF THE SUPERVISORY BOARD

# INVESTED IN THE FUTURE

“The increased use of renewable energies is one of the most important ways of tackling climate change and restoring clean air for future generations. We are involved especially in regions that are still highly dependent on fossil fuels.”

## GOVERNANCE

In the fiscal year 2021, the Supervisory Board fully and unrestrictedly executed its rights following law, regulation and rules of procedure. The Supervisory Board had five members and convened eight times, while continuously monitoring and advising the management of the Company.

The Company's management fulfilled its reporting obligations to the Supervisory Board and in a timely and comprehensive manner informed the Supervisory Board on the operational and financial situation of the Company. The chairman of the Supervisory Board was also briefed by the management in-between Supervisory Board meetings. Before Supervisory Board meetings, the management sent detailed reports and information to the individual board members in order to allow them to prepare for the meetings and conduct an adequate and thorough discussion on matters that required advice and/or approval.

The Supervisory Board assessed the risk management and compliance procedures of the Company and concluded that these match set requirements. Decisions that had a significant impact on the Company and its business were brought before and discussed on the Supervisory Board, where required by law, regulation or rules of procedure, it gave its approval. Such approvals were based on assessed information and discussions during Supervisory Board meetings. Among others, approvals given by the Supervisory Board involved investment and budget decisions for the following projects:

- + Execution of purchase option for additional shares in Enernet Global
- + Acquisition of Neol CHP, Puerto Rico
- + Acquisition of Planeta Rica, Colombia
- + Construction of Santa Rosa & Villa Sol, El Salvador
- + Acquisition of Los Santos I, Mexico Acquisition of Basseterre, St. Kitts  
Development partnership with Soventix Caribbean in the Dominican Republic
- + Construction of Los Girasoles, Colombia







Our solar plants and wind farms in Latin America and the Caribbean are creating jobs and supporting communities with local initiatives.

## AUDIT OF THE FINANCIAL STATEMENTS

Ernst & Young Accountants LLP Netherlands (E&Y) was appointed as the auditor of the financial statements by resolution of the Annual General Meeting on 30 June 2021 and mandated accordingly by the supervisory board.

E&Y audited the Company financial statements and the consolidated financial statements of the Group, including the bookkeeping, as well as the report of the Management Board, and issued an unqualified audit opinion. The consolidated financial statements and the Company financial statements were prepared in accordance with IFRS as adopted by the EU and the

provisions of Part 9, Book 2, of the Dutch Civil Code. The auditor conducted the audit in accordance with Dutch law, including the Dutch Standards on Auditing. The full audit report prepared by E&Y for the 2021 fiscal year was provided to all of the members of the Supervisory Board, enabling the Supervisory Board to fulfil its auditing and supervisory duties in full.

The auditor provided a comprehensive report on the findings of its audit and was available to answer additional questions of the Supervisory Board in a meeting.

Following its detailed review and examination, the Supervisory Board of MPC Energy Solutions N.V. on 19 April 2022 approved the financial statements as well as the corresponding audit report for the year ended 31 December 2021.

19 April 2022

The Supervisory Board of MPC Energy Solutions N.V.

**Ulf Holländer**  
(Chairman)

**Kathryn Baker**

**Ellen Hanetho**

**Kjell Roland**

**Dr. Ignace Van Meenen**

# CONSOLIDATED FINANCIAL STATEMENTS

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# Consolidated Statement of Financial Position

In USD	Notes	31 December 2021	31 December 2020
<b>Assets</b>		<b>86,116,488</b>	<b>1,307,503</b>
<b>Non-current assets</b>		<b>28,930,151</b>	<b>842,890</b>
Property plant and equipment	1	2,598,057	316,634
Right-of-use assets	2	2,503,044	26,285
Investments in joint ventures	3	7,403,530	-
Financial fixed assets	4	16,425,520	500,000
<b>Current assets</b>		<b>57,186,337</b>	<b>464,584</b>
Trade and other receivables	5	270,386	53,102
Cash and cash equivalents	6	56,915,951	411,482
<b>Equity and liabilities</b>		<b>86,116,488</b>	<b>1,307,503</b>
<b>Equity</b>	7	<b>82,773,575</b>	<b>(546,655)</b>
Shareholder's equity		82,773,575	(547,405)
Non-controlling interest		-	750
<b>Non-current liabilities</b>		<b>492,154</b>	<b>-</b>
Lease liabilities	2	492,154	-
<b>Current liabilities</b>	8	<b>2,850,759</b>	<b>1,854,158</b>
Trade and other payables		544,471	146,527
Payables to group companies		-	1,056,224
Payables to other related parties		119,855	539,740
Lease liabilities	2	2,010,890	-
Taxes and other social securities		21,653	3,773
Accruals		153,890	107,894

Note: Rounding differences may occur.

# Consolidated Income Statement

In USD	Notes	01.01.2021-31.12.2021	04.06.2020-31.12.2020
Employee expenses	9	(862,401)	(48,079)
Depreciation	10	(1,821)	(501)
Other operating expenses	11	(2,023,252)	(821,793)
<b>Operating result (EBIT)</b>		<b>(2,887,474)</b>	<b>(870,373)</b>
Finance income		306,710	14,158
Finance costs		(83,728)	(20,600)
Share of result of joint ventures	12	(61,338)	-
<b>Profit / Loss before income tax (EBT)</b>		<b>(2,725,830)</b>	<b>(876,815)</b>
Income tax expenses		-	-
<b>Profit / loss for the period</b>		<b>(2,725,830)</b>	<b>(876,815)</b>
Attributable to:			
- Equity holders of the Company		(2,725,830)	(876,801)
- Non-controlling interest		-	(14)
<b>Basic earnings per share - in USD</b>		<b>(0.12)</b>	<b>(0.67)</b>
<b>Diluted earnings per share - in USD</b>		<b>(0.12)</b>	<b>(0.67)</b>

Note: Rounding differences may occur.

# Consolidated Statement of Comprehensive Income

In USD	01.01.2021-31.12.2021	04.06.2020-31.12.2020
Profit / loss for the period	(2,725,830)	(876,815)
<b>Items that may be subsequently transferred to profit or loss</b>		
Foreign currency effects, net of taxes	(633,384)	35,126
<b>Items that will not be subsequently transferred to profit or loss</b>	-	-
<b>Other comprehensive profit / loss, net of taxes</b>	-	-
<b>Total comprehensive profit / loss</b>	<b>(3,359,214)</b>	<b>(841,689)</b>
Attributable to:		
- Equity holders of the Company	(3,359,214)	(841,675)
- Non-controlling interest	-	(14)

Note: Rounding differences may occur.

# Consolidated Statement of Changes in Equity

In USD	Share capital	Other capital reserves	Legal reserves	Retained losses	Profit/loss for the period	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
<b>Equity as of 1 January 2021</b>	<b>274,500</b>	<b>19,770</b>	<b>35,126</b>	<b>(876,801)</b>	-	<b>(547,405)</b>	<b>750</b>	<b>(546,655)</b>
Result for the period	-	-	-	-	(2,725,830)	(2,725,830)	-	(2,735,830)
Other comprehensive result	-	-	(633,384)	-	-	(633,384)	-	(633,384)
<b>Total comprehensive income</b>	-	-	<b>(633,384)</b>	-	<b>(2,725,830)</b>	<b>(3,359,214)</b>	-	<b>(3,359,214)</b>
Capital increase	2,454,200	84,229,331	-	-	-	86,683,531	-	86,683,531
Capital decrease	-	-	-	-	-	-	(750)	(750)
Capital decrease asset acquisition	-	(3,337)	-	-	-	(3,337)	-	(3,337)
<b>Equity as of 31 December 2021</b>	<b>2,728,700</b>	<b>84,245,764</b>	<b>(598,258)</b>	<b>(876,801)</b>	<b>(2,725,830)</b>	<b>82,773,575</b>	-	<b>82,773,575</b>

Note: Rounding differences may occur.

In USD	Share capital	Other capital reserves	Legal reserves	Retained losses	Profit/loss for the period	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
<b>Equity as of 4 June 2020</b>	<b>54,900</b>	-	-	-	-	<b>54,900</b>	-	<b>54,900</b>
Result for the period	-	-	-	-	(876,801)	(876,801)	(14)	(876,815)
Other comprehensive income	-	-	35,126	-	-	35,126	-	35,126
<b>Total comprehensive income</b>	-	-	<b>35,126</b>	<b>(876,801)</b>	<b>(876,801)</b>	<b>(841,675)</b>	<b>(14)</b>	<b>(841,689)</b>
Capital increase	219,600	-	-	-	-	219,600	754	220,354
Exchange rate results	-	(9,450)	-	-	-	(9,450)	-	(9,450)
Capital increase asset acquisition	-	29,220	-	-	-	29,220	10	29,230
<b>Equity as of 31 December 2020</b>	<b>274,500</b>	<b>19,770</b>	<b>35,126</b>	<b>(876,801)</b>	<b>(876,801)</b>	<b>(547,405)</b>	<b>750</b>	<b>(546,655)</b>

Note: Rounding differences may occur.

# Consolidated Statement of Cash Flows

In USD	Notes	01.01.2021-31.12.2021	04.06.2020-31.12.2020
<b>Operating activities</b>			
Profit / Loss before income tax		(2,725,830)	(876,815)
Depreciation	10	1,821	501
Adjustments in working capital:			
- Net change in current assets		(217,284)	(53,102)
- Net change in current liabilities		(192,158)	1,049,446
Finance income		(306,710)	(14,158)
Finance costs		83,728	20,600
Share of result in joint ventures	12	61,338	-
Interest received		471	-
Interest paid		(83,728)	(4,266)
Income tax paid		-	-
<b>Net cash flow from / (used in) operating activities</b>		<b>(3,378,352)</b>	<b>122,206</b>
<b>Investing activities</b>			
Investments in property, plant and equipment	1	(2,250,100)	(317,135)
Investments in rights of use assets	2	(6,859)	(26,285)
Investment in financial fixed assets (equity instruments)	4	(2,500,000)	(500,000)
Investment in financial fixed assets (debt instruments and derivatives)	4	(12,545,955)	-
Investment in joint ventures	3	(8,342,169)	-
<b>Net cash flow from / (used in) investing activities</b>		<b>(25,645,083)</b>	<b>(843,420)</b>
<b>Financing activities</b>			
Proceeds from share issuance	7	2,454,200	265,050
Capital increase asset acquisition	7	84,229,331	64,346
Loan from related party	8	(822,602)	803,300
<b>Net cash flow from / (used in) financing activities</b>		<b>85,860,929</b>	<b>1,132,696</b>
Net change in cash and cash equivalents	6	56,837,494	411,482
Exchange rate result		(333,025)	-
Cash and cash equivalents at beginning of period	6	411,482	-
<b>Cash and cash equivalents at the end of period</b>		<b>56,915,951</b>	<b>411,482</b>

Note: Rounding differences may occur.



# Notes to the Consolidated Financial Statements

## GENERAL

### Company profile

As an integrated independent power producer, the principal activities of the Company and its subsidiaries are to develop, construct, own and operate sustainable energy projects, including solar and wind assets, and other hybrid and energy efficiency solutions.

The registered and actual address of MPC Energy Solutions N.V. is Koningin Wilhelminaplein 1 in 1062 HG Amsterdam, the Netherlands, and the Company is registered at the Dutch chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020.

On 22 January 2021, the shares of the Company were listed on Euronext Growth Oslo in conjunction with a private placement of shares in the Company.

The consolidated financial statements were approved by the Company's Management Board on 19 April 2022.

### Going concern

The consolidated financial statements are prepared on a going concern assumption.

### IFRS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements have been prepared on a historical cost basis, except otherwise stated.

The consolidated financial statements are presented in US Dollars (USD). All financial information presented in USD has been rounded to the nearest USD, except where otherwise indicated.

### Significant judgements, estimates and assumptions

The preparation of consolidated financial statements conforming to IFRS requires management to make judgments, estimates and assumptions that may affect assets, liabilities, revenues, expenses and information in notes to these financial statements. Estimates are management's best assessment based on information available at the date the financial statements are authorized for issue. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis and discussed with the Company's financial auditors and advisory on a regular basis.

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effect on the amounts recognized in the consolidated financial statements:

- + **Valuation of solar plant assets – annual impairment test:** The Group completed its annual impairment test on 31 December 2021. Solar plant assets are assessed for impairment on a cash generating unit (CGU) level, which may consist of a portfolio of solar plant assets which are contained within the same financing perimeter. In other cases, a plant-by-plant assessment is performed. Where an indicator of impairment is identified, the analysis is always performed on a plant-by-plant basis. The recoverable amount of solar plant assets has been determined based by means of a value-in-use calculation using cash flow projections from financial budgets approved by the Management Board covering the life of the solar plant assets, as these are connected to long-term power

purchase agreements. The recoverable amounts are discounted by the weighted average cost of capital (“WACC”) applicable to the specific portfolio or solar plant which are updated annually by the Management Board. Where there are no indications for impairment, these are not disclosed in the financial statements.

- + **Joint ventures:** A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The requirement for unanimous consent means that any party with joint control of the arrangement can prevent any of the other parties, or a group of the parties, from making unilateral decisions (about the relevant activities) without its consent.
- + **Leases:** The Group determines lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension, termination options and purchase options. The Group applies judgment in evaluating whether it is reasonably certain, i.e. more likely than not, whether or not to exercise an option to renew or terminate the lease or acquire a property. For projects under development it is not deemed reasonably certain that the Group will exercise the options to lease/acquire or not make use of options to terminate lease contracts unless the project under development is at an advance stage and it has already been determined by the Group how to proceed with regards to such options. Other than in such cases, the periods covered by the options are not included term of the lease and purchase options are not included as a right-of-use asset and corresponding lease liability.
- + **Capitalization of development expenses:** The Group capitalizes expenses for existing development projects (e.g. environmental studies or interconnection studies) and expenses related to acquisitions (e.g. due diligence costs or brokerage fees), based on management’s judgment that the corresponding projects are technically and commercially viable and it is probable that they will lead to future economic benefits. Capitalized expenses for projects that are no longer considered viable are written off. In addition, the fair value of the respective projects are used to determine whether capitalized expenses, even if future economic benefits are expected, need to be written off.
- + **Going concern:** Judgment has been applied in management’s decision to prepare the financial statements on a going concern basis. This judgment is based on the financial position of the Company, the Company’s existing project pipeline, business opportunities and financial projections.

## Assumptions and estimation uncertainties

The following assumptions and estimation uncertainties can have a significant risk of resulting in a material adjustment to the carrying amounts of assets:

- + **Estimated useful life of equipment:** The useful life of office equipment is estimated as 5 years, considering expected physical wear and tear and technical or commercial obsolescence.
- + **Estimated useful life of renewable energy assets:** The useful life of assets related to renewable energy projects, for example solar modules, transformers or inverters, varies from project to project and is estimated to be between 15 years and 30 years, considering physical wear and tear.
- + **Valuation of equity instruments:** The value of an equity instrument is assessed by determining the fair value of the instrument. In limited cases cost may be used as an appropriate estimate for fair value when there is insufficient recent information available, there is a wide range of possible fair value measurements, market prices for comparable instruments can not be observed, and cost represents the best estimate of fair value within that range. It has been determined that cost is the best estimate for fair value of the Company’s investment in Enernet Global. Enernet Global is still a startup for which neither market prices nor fair value measurements are directly or indirectly observable. The Company’s performance remains difficult to forecast as actual financials continue to deviate from originally planned performance in a dynamic market environment, and additional capital is supposed to be raised in 2022. In February 2021, MPCES made use of its option to increase its participation in Enernet Global by an amount of USD 2.5 million. This increase was done at the same valuation as in September 2020. While the valuation was fixed in the original agreement in September 2020, MPCES would not have made use of its option if the perceived fair value of Enernet Global was significantly below the valuation level of September 2020. Furthermore, Enernet Global raised additional funds based on the same valuation in July 2021, i.e. several months after the Group exercised its purchase option. We have assessed and documented stable circumstances checks in our analysis, and estimate the fair value of our participation in Enernet Global to be USD 3.0 million as of 31 December 2021, reflecting our equity investment in the Company to-date.
- + **Valuation of debt instruments:** The value of a debt instrument such as shareholder loans is assessed by determining the fair value of the instrument. On 23 December 2021, the Group invested a total of USD 13.3 million in its joint venture. Part of the contributed capital is classified as a debt instrument under IFRS. The fair value of this debt instrument has been determined by discounting future cash flows identifiable for the debt instrument with a risk-adjusted discount rate.

- + **Valuation of options:** The Group may have the right, but not the obligation, to acquire or dispose of assets at a future date, e.g. in the form of call and put options. Options are derivatives contracts that give the holder the right, but not the obligation, to buy (in the case of a call) or sell (in the case of a put) an underlying asset or security at a pre-determined price (the strike price) before the contract expires. Management determines the future value of such derivative contracts based on expected volatility in the underlying asset, time to expiration of the option, and by comparing the strike price of a derivative with the fair value of the underlying asset. For the fiscal year that ended on 31 December 2021, the Group has a call option on additional shares in its joint venture Leclanché (St. Kitts) Energy Holdings Ltd.

## Group structure

The consolidated financial statements comprise the financial statements of MPC Energy Solutions N.V. and its subsidiaries as of 31 December 2021. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has material control following the definitions and stipulation of the IFRS. Control is normally assumed when the Group is exposed, or has rights, to variable returns from its involvement with the respective entity and has the ability to affect those returns through its power over the respective entity.

In general, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has power over an entity, including:

- + the contractual arrangement with the other vote holders of the entity;
- + rights arising from other contractual arrangements; and
- + the Group's voting rights and potential voting rights.

The consolidation of subsidiaries is carried out from the date at which the Group obtains the control over such companies and subsidiaries continue to be consolidated until the date that such control ceases. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets, liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All interCompany balances, income and expenses, unrealized gains and losses as well as cash flows resulting from interCompany transactions are eliminated in full.

Non-controlling interests represent the portion of comprehensive income and net assets that is not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity.

## List of participating interests

MPC Energy Solutions N.V. in Amsterdam is the head of a group of legal entities. The Group's consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the table below:

Name of Company	Country	Share in issued capital	Consolidated?
MPCES Holding B.V.	Netherlands	100%	yes
MPC Energy Solutions Latin America Holdings II B.V.	Netherlands	100%	yes
MPC Energy Solutions Latin America Holdings S.L.U.	Spain	100%	yes
MPC Energy Solutions Panama S.A.	Panama	100%	yes
MPC Energy Solutions Colombia S.A.S.	Colombia	100%	yes
Parque Solar Los Girasoles S.A.S. E.S.P.	Colombia	100%	yes
Parque Solar Pacandé S.A.S. E.S.P.	Colombia	100%	yes
Parque Solar Matarredonda S.A.S. E.S.P.	Colombia	100%	yes
Parque Solar Las Margaritas S.A.S. E.S.P.	Colombia	100%	yes
Parque Solar Planeta Rica S.A.S. E.S.P.	Colombia	50%	no

Bonilla Zelaya Ingenieros Constructores S.A. de C.V.	El Salvador	100%	yes
Leclanché (St. Kitts) Energy Holdings Ltd.	Barbados	40%	no
Enernet Global Inc.	United States	7.9%	no

Parque Solar Planeta Rica S.A.S. E.S.P. and Leclanché (St. Kitts) Energy Holdings Ltd. are classified as joint arrangements (joint ventures). In both cases, the contractual agreements between the Company and the other shareholders and the voting rights and other control mechanism embedded therein establish joint control. In both cases, consent of all parties to the joint venture is needed to direct the relevant activities.

## Segment information

As of the date of the financial statements, the Group is organized in one operating segment.

As of 31 December 2021, the Group is active in the Caribbean and Latin America. Going forward it is expected that the Group will expand its business globally.

The Group has no operational assets as of 31 December 2021. Therefore, at this stage, the Group has not generated revenues and has no major customers yet.

## New and amended standards and interpretations

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. New and amended standards as per 1 January 2021 had no impact on the consolidated financial statements. New and amended standards not yet effective are not expected to have a significant impact on the consolidated financial statements of the Group neither.

## Reporting period different than annual

The Company was incorporated on 4 June 2020. The Company's financial year corresponds to the calendar year.

# GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

## Financial statement classification

A financial instrument or its separate components are classified in the financial statements as liability or as equity, in accordance with the substance of the contractual agreement underlying the financial instrument. In the financial statements, a financial instrument is classified in accordance with the legal reality. Interest, dividends, gains and losses relating to a financial instrument, or part of a financial instrument, are included in the financial statements in accordance with the classification of the financial instrument as liability or equity.

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

### Current assets are assets that are:

- + expected to be realized in the entity's normal operating cycle;
- + held primarily for the purpose of trading;
- + expected to be realized within twelve months after the reporting period; or
- + cash and cash equivalents (unless restricted)

The current share of long-term assets or liabilities will be classified as current. All other assets are non-current.

**Current liabilities are those that are:**

- + expected to be settled within the entity's normal operating cycle;
- + held for purpose of trading; or
- + due to be settled within twelve months; or
- + for which the entity does not have an unconditional right to defer settlement beyond twelve months.

All other liabilities are non-current. If a liability has become payable given a breach of an undertaking under a long-term loan agreement, the liability is classified as current.

## Joint Ventures and Associates

When analyzing the correct way to incorporate an investee into the consolidated financial statements, MPCES uses a three-step process:

1. Does MPCES control the investee?
2. If MPCES does not control the investee, does MPCES have significant influence over the investee (associate) or joint control over the investee (joint arrangement)?
3. If the investee should be accounted for as a joint arrangement, is it a joint venture or a joint operation?

MPCES follows the guidelines provided by IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

### Step 1

MPCES determines whether it controls the investee, i.e. if MPCES is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

MPCES controls an investee if and only if MPCES has all of the following elements:

1. power over the investee, i.e. the ability to direct the relevant activities that significantly affect the investee's returns;
2. exposure, or rights, to variable returns from the involvement with the investee;
3. the ability to use its power over the investee to affect the amount of MPCES's returns.

### Step 2

To determine the classification as an associate or joint arrangement, MPCES assesses whether it has significant influence over the entity and/or jointly controls the entity.

If an entity holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed that the entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without the power to control or jointly control those policies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The requirement for unanimous consent means that parties with joint control of the arrangement can make unilateral decisions (about the relevant activities) without consent of parties without joint control.

An associate is an entity over which the investor has significant influence. A joint arrangement is a corporation in which several parties have joint control and have rights to the net assets of the arrangement. Joint arrangements are accounted for either by processing relative shares in assets/liabilities/income/expenses (joint operation) or following the equity method (joint venture).

### Step 3

In cases where it is determined that the investee should be accounted for as a joint arrangement, MPCES determines whether the investee qualifies as a joint venture or a joint operation. For this purpose, MPCES assesses the legal form of the investee, the contractual terms of the arrangement, and whether the joint arrangement can survive on its own.

To be a joint venture, the parties must have the rights to net assets of the joint arrangement. In addition, there must be a separate vehicle/legal entity, i.e. a separately identifiable financial structure. And this vehicle/legal entity should not depend on the parties on a continued basis for settling its liabilities.

The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

## Foreign currency

### Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the respective entity operates (the functional currency), i.e. revenues, expenses as well as other financial obligations are predominantly denominated in such functional currency.

The consolidated financial statements are presented in USD, which is the functional and presentation currency of the Company.

### Foreign currency translation

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

In accordance with IAS 21, amounts consolidated from subsidiaries which have a different functional currency are translated into the functional currency using the exchange rates prevailing at the balance sheet date, with related translation impact recorded within other comprehensive income.

Share capital (and any related share premium or additional paid-in capital) that is issued in a currency other than the functional currency of an entity is translated at the exchange rate of the functional currency on the closing date. The yearly effects of retranslation are taken into equity (other reserves).

Foreign exchange gains and losses resulting from the settlement of monetary transactions denominated in currencies different from the functional currencies are recognized in the income statement. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

## ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

### Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs incurred in the construction period. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalized until the date in which development of the relevant asset is complete.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component. Depreciation of a solar power plant commences when the plant is ready for its intended use, normally at the date of grid connection and commissioning. The residual value of the plant is taken into consideration when calculating the annual depreciation. An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognized.

## Projects under development

Expenses relating to project development activities are capitalized as property, plant and equipment assets with infinite lives to the extent that the project is technically and commercially viable. Expenses that are capitalized include the costs of materials, advisory expenses and other directly attributable expenses. Projects under development or construction are tested for impairment to the extent that indicators of impairment exist. Factors that trigger impairment testing include, but are not limited to, political changes, macroeconomic fluctuations, changes to the Group's strategy, project development delays, changes to energy tariffs and similar.

Following initial recognition of the development expenditure as a property, plant and equipment asset, the asset is carried at cost less any accumulated impairment losses. Amortization or depreciation of the asset begins when development is complete and the development projects enter into the operational phase.

## Asset acquisitions

### Acquisition of assets and liabilities that does not constitute a business

Acquisitions that involves assets and liabilities that is not a business (and not under common control) is considered an asset acquisition. The Group accounts for the asset acquisition as follows:

- + it identifies the individual identifiable assets acquired and liabilities assumed that it recognizes at the date of the acquisition;
- + it determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair values of those assets and liabilities at the date of the acquisition; and then
- + it applies the initial measurement requirements in applicable IFRSs to each identifiable asset acquired and liability assumed.

### Business combinations

IFRS 3 Business Combinations outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the "acquisition method", which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

Business combinations are transactions or other events in which an acquirer obtains control of one or more businesses. MPCES assesses whether a transaction classifies as a business combination by determining whether the elements defined under IFRS 3.B7 exist.

If a transaction is classified as a business combination, MPCES uses the acquisition method, following a four-step process:

1. Identifying the acquirer
2. Determining the acquisition date
3. Recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interests in the acquiree
4. Recognizing and measuring goodwill or a gain from a bargain purchase.

In the fiscal year 2021, there were not transactions that were determined to be deemed a business combination. For business combinations that occurred after the balance sheet date (31 December 2021), please refer to our disclosures about commitments and post-balance sheet events.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Because the Group does not act as lessor, the following explanations are limited to the accounting of the lessee.

### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Lease liabilities**

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option as well as periods during which a termination option is granted, provided that this option is reasonably certain not to be exercised. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

**Right-of-use assets**

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets,

The right-of-use assets are also subject to impairment. Please refer to accounting policies on impairment on non-current assets.

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

## Financial instruments

**Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- + Financial assets at amortized cost (debt instruments)
- + Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- + Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- + Financial assets at fair value through profit and loss

**Financial assets at amortized cost**

The Group measures financial assets at amortized cost if both of the following conditions are met:



- + The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- + The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment assessment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade receivables and cash and cash equivalents.

#### **Financial assets designated at fair value through other comprehensive income (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at fair value through other comprehensive income are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

#### **Financial assets at fair value through profit and loss**

Financial assets at fair value through profit or loss are carried on the statement of the financial position at fair value with net changes in fair value recognized in the statement of profit or loss. This category includes derivative instruments and debt investments which do not pass the contractual cash flow characteristics test ("SPPI test"). Both financial assets at fair value through profit or loss relate to the joint venture Leclanché (St. Kitts) Energy Holdings Ltd. and are included separately on the balance sheet. The initial difference between the investment made and the fair value of these financial instruments is included as part of the investment in this joint venture. Fair value is monitored at each reporting date and subsequent changes in the fair value are recognized as other income in the statement of profit or loss when they occur.

#### **Impairment of financial assets**

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. This assessment is conducted through an expected credit loss (ECL) approach, under which forward-looking information is taken into account.

For trade and other receivables, the Group applies the simplified approach to provide for lifetime ECL in accordance with IFRS 9. The nominal amount is considered to approximate the amortized cost method due to the short maturity of the receivables. In 2021 the expected credit loss is insignificant and therefore not recognized.

For certain other financial instruments for which the simplified approach cannot be used, IFRS 7 requires additional disclosures. The two main categories of disclosures are:

1. Information about the significance of the financial instruments
2. Information about the nature and extent of risks arising from the financial instrument

MPCES discloses information in accordance with IFRS on financial instruments that it classifies as loans. The Group discloses the nature of the risk exposure, its policies for assessing credit risk, liquidity risk and market risks, the maximum amount of exposure, describes collateral and provides information on the credit quality.

To assess ECL from loans, MPCES determines whether a loan is performing, underperforming or non-performing (three-stage approach). Loans are determined to be performing when there is no significant deterioration in the credit quality. The loan is deemed to be underperforming if the credit risk has increased significantly since the initial recognition of the loan. The loan is deemed to be non-performing when it is credit-impaired. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The IFRS consider credit risk to be low if there is a low risk of default and/or the borrower has a strong capacity to meet its contractual obligations. The assessment of whether there has been a significant increase in credit risk is based on an increase in the probability of a default occurring since initial recognition.

A loan is deemed credit-impaired when one or more events have occurred that have a significant impact on the expected future cash flows of the financial instrument. Such events include, without being limited to, financial difficulties of the borrower, a breach of contract, or it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

MPCES uses a project's projected lifetime cash flows and considers potential impairing events to assess the ECL of loans.

On 2 August 2021, the Group made a shareholder loan to its joint venture Parque Solar Planeta Rica S.A.S. E.S.P. (Colombia). Compared to the total assets of the Group, the loan amount is considered significant. Please refer to Note 4 of the consolidated financial statements for details.

#### **Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized and removed from the Group's consolidated statement of financial position when:

- + the rights to receive cash flows from the asset have expired, or
- + the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

#### **Subsequent measurement of financial liabilities**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- + Financial liabilities at fair value through profit or loss
- + Financial liabilities at amortized cost (loans and borrowings)

#### **Financial liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

#### **Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

#### **Fair value measurement**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

## **Impairment of non-current assets**

Non-current assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognized, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the fair value less cost of disposal and its value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal and the value in use is the present value of estimated future cash flows expected from the continued use of an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market

assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's cash-generating units (CGU) to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Assets are grouped at the lowest level where there are separately identifiable independent cash flows.

## Trade and other receivables

Trade receivables and other receivables are measured at their transaction price upon initial recognition and subsequently measured at amortized cost less expected credit losses. For trade and other receivables, the Group applies the simplified approach to provide for lifetime expected credit losses in accordance with IFRS 9. The nominal amount is considered to approximate the amortized cost method due to the short maturity of the receivables. No significant expected credit losses have been recognized in 2021.

## Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks, on hand and short-term deposits with a maturity of three months or less. Cash equivalents represent short-term, liquid investments which are readily convertible into known amounts of cash with original maturities of three months or less.

Cash and cash equivalents are recorded at their nominal values. Liquid funds denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

## Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized through profit and loss net of any reimbursement.

## Current liabilities

Trade and other payables represent non-interest-bearing liabilities for goods and services provided to the Group prior to the reporting date. On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs. After initial recognition, current liabilities are carried at amortized cost. This is usually the face value for current liabilities. Current liabilities is derecognized when the obligation under the liability is discharged or cancelled or expires. Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms.

# ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

## Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- + Office equipment: 5 years
- + Rights-of-use asset: Shorter of the lease term and the estimated useful life of the asset

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on Derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## Operating expenses

Operating expenses are accounted for on an accruals basis. Expenses are charged to the income statement, except for those incurred in the acquisition or development of an investment which are capitalized as part of the cost of the investment.

Expenses arising on the disposal of investments are deducted from the disposal proceeds.

## Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

## Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- + When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- + In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- + When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- + In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- + When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- + When receivables and payables are stated with the amount of sales tax included The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## **Earnings per share (EPS)**

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share are calculated by dividing the profit for the reporting period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the reporting period. Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## **ACCOUNTING PRINCIPLES FOR PREPARATION OF THE CONSOLIDATED CASH FLOW STATEMENT**

The cash flow statement has been prepared using the indirect method. The funds in the cash flow statement consist of cash and cash equivalents.

Cash flows in foreign currencies are converted at an average rate. Exchange rate differences concerning finances are shown separately in the cash flow statement.

Income and expenses related to interest, received dividend and profit taxes are included in the cash flow statement for operational activities. Dividend payments are included in the cash flow statement for financing activities.

The acquisition cash flow of group companies acquired is presented under the cash flow from investment activities, insofar as the payment was through cash and cash equivalents.

Transactions which do not involve the exchange of cash resources, including leasing, are not included in the cash flow statement. The repayment part of lease term based on the lease contract is considered to be a financial cash flow, while the interest is considered to be an operational cash flow.

# Notes to the Consolidated Balance Sheet

## ASSETS

### 1. Property, plant and equipment

In USD	Equipment	Assets under Development	Total
<b>Balance as per 1 January 2021</b>	<b>4,047</b>	<b>312,587</b>	<b>316,634</b>
<i>Movement during the year</i>			
Investments	8,268	2,247,976	2,256,244
Depreciation	(1,821)	-	(1,821)
	<b>6,447</b>	<b>2,247,976</b>	<b>2,254,423</b>
<b>Balance as per 31 December 2021</b>	<b>10,494</b>	<b>2,587,563</b>	<b>2,598,057</b>
<b>Balance as per 4 January 2020</b>	-	-	-
<i>Accumulated costs as per end of the period</i>			
Accumulated costs	12,816	2,587,563	2,632,621
Accumulated depreciation and impairment	(2,322)	-	(2,322)
<b>Carrying amount as of 31 December 2021</b>	<b>10,494</b>	<b>2,587,563</b>	<b>2,598,057</b>
<i>Depreciation rates</i>			
Equipment			20%
Assets under Development			0%

For the year 2020:

In USD	Equipment	Assets under Development	Total
<b>Balance as per 4 June 2020</b>			
<i>Movement during the year</i>			
Investments	4,548	312,587	317,135
Depreciation	(501)	-	(501)
<b>Balance as per 31 December 2020</b>	<b>4,047</b>	<b>312,587</b>	<b>316,634</b>
<b>Balance as per 4 June 2020</b>	-	-	-
<i>Accumulated costs as per end of the period</i>			
Accumulated costs	4,548	312,587	317,315
Accumulated depreciation and impairment	(501)	-	(501)
<b>Carrying amount as of 31 December 2020</b>	<b>4,047</b>	<b>312,587</b>	<b>316,634</b>
<i>Depreciation rates</i>			
Equipment			20%
Assets under Development			0%

Capitalized development expenses relates to the development activities in the following solar parks:

- + Parque Solar Pacandé, Colombia
- + Parque Solar Los Girasoles, Colombia
- + Parque Solar Las Margaritas, Colombia
- + Parque Solar Matarredonda, Colombia
- + Santa Rosa & Villa Sol, El Salvador (previously: Nejapa Solar)

## 2. Lease - right of use asset

In USD	Land Lease	Land Lease
Carrying amount as of the start of the reporting period	26,285	-
Addition	2,509,903	26,285
Amortization	(33,144)	-
Carrying amount as of the end of the reporting period	2,503,044	26,285
<b>Accumulated cost</b>	<b>2,503,044</b>	<b>26,285</b>

The Group has lease contracts for use of the land of its projects. The leases relate to the projects in El Salvador and Colombia. During the year an amount of USD 6,859 was paid for extension of short term leases. As per end of the year these lease are expired.

According to the accounting principles for leases, as per balance date the execution of the purchase option of land in El Salvador that was executed in January 2022 has been capitalized for an amount of USD 2,010,890. As of year end it was reasonable certain that the purchase option would be executed, in contrary to the prior year.

Based on the progress of the project, in Colombia two contracts for land leases are no longer considered in the initial phase but have been adjusted to leases for 25 years as from January 2022. The total lease liabilities are calculated for an amount of USD 492,154. This is the net present value of the indexed lease obligations (C.P.I. plus 2%) and a incremental borrowing rate of 8.7% determined on the date the lease term has changed.

The related total additional leases liabilities presented as per year end:

In USD	31.12.2021	31.12.2020
Parque Solar Los Girasoles S.A.S. E.S.P. in Colombia (long-term)	492,154	-
Bonilla Zelaya Ingenieros Constructores S.A. de C.V. in El Salvador (short-term)	2,010,890	-
	<b>2,503,044</b>	<b>-</b>

The total amount payable for "Lease - Right-of-use assets" was USD 2,503,044 which has been capitalized in full.

Set out above are the carrying amounts of right-of-use assets recognized and the movements during the period.

Lease contracts for our projects generally have terms between 20 and 40 years, provided we exercise the option to enter a long-term lease in the first place. Lease contracts often include extension and termination options and sometimes variable lease payments. Please refer to our accounting policy on leases for additional information on our accounting treatment of lease contracts.

### 3. Interest in a joint venture

In USD	31.12.2021	31.12.2020
Parque Solar Planeta Rica SAS ESP, Colombia	2,203,530	-
Leclanché (St. Kitts) Energy Holdings Ltd., Barbados	5,200,000	-
	<b>7,403,530</b>	-

Parque Solar Planeta Rica SAS ESP, a 26.6 MW solar PV plant in Colombia which is co-owned with French developer Akuo Energy, will commence operations in 2022. This project has secured long-term PPAs with local distribution Company Celsia SA. The stake in the entity was acquired on 09.08.2021.

Leclanché (St. Kitts) Energy Holdings Ltd. is a holding Company that will own shares in Solec Power Ltd. (St. Kitts), a project Company that will build own and operate a solar PV plant and battery energy storage system on the Caribbean island of St. Kitts. The holding is co-owned by Leclanché S.A. (Switzerland). The stake in the holding was acquired on 23.12.2021. After analyzing the investment and shareholder agreement between MPCES and Leclanché, we have concluded that we have joint control over the entity and have accordingly classified it as a joint venture.

In USD	31.12.2021
<b>Summarized statement of financial position Parque Solar Planeta Rica S.A.S. E.S.P.</b>	
Current assets	7,344,770
Non-current assets	3,487,628
Current liabilities	(361,806)
Non-current liabilities	(6,063,532)
<b>Equity</b>	4,407,060
Group's share in common equity (representing 50%)	2,203,530
Goodwill	-
<b>Group's carrying amount of the investment</b>	<b>2,203,530</b>
<b>Summarized statement of profit and loss Parque Solar Planeta Rica S.A.S. E.S.P.</b>	
Administrative expenses	(58,455)
Finance costs	(39,417)
Other expenses	(22,569)
<b>Loss before income tax</b>	(120,441)
Tax	(2,235)
Total comprehensive income	(122,676)
<b>Group's share of result for the year 50%</b>	<b>61,338</b>

In USD	31.12.2021
<b>Summarized statement of financial position Leclanché (St. Kitts) Energy Holdings Ltd.</b>	
Current assets	22,213,488
Non-current liabilities	(7,123,418)
<b>Equity</b>	15,000,000
Group's share in common equity (representing 40%)	6,000,000
Day-one fair value impact	(800,000)
Goodwill	-
<b>Group's carrying amount of the investment</b>	<b>5,200,000</b>



In the fiscal year 2021, no material transactions have been recognized in the profit and loss of Leclanché (St. Kitts) Energy Holdings Ltd.

The values shown for joint ventures of the Company are pro-rated to the stake in the respective joint venture. For 2021, the numbers for two joint ventures are included: Parque Solar Planeta Rica S.A.S. E.S.P (Colombia, 50% common equity stake) and Leclanché (St. Kitts) Energy Holdings Ltd. (Barbados, 40% common equity stake).

The Company has a call option for an additional 13.3% stake in Leclanché (St. Kitts) Energy Holdings Ltd. that can earliest be executed two years after commercial operations of the plant related to the entity.

## 4. Financial fixed assets

In USD	31.12.2021	31.12.2020
Equity instruments	3,000,000	500,000
Debt instruments at amortized costs	5,325,520	-
Debt instruments at fair value through profit and loss	7,700,000	-
Derivatives not designated as hedging instruments at fair value through profit and loss	400,000	-
	16,425,520	500,000
<b>Equity instruments</b>		
Enernet Global Inc.	3,000,000	500,000

In USD	31.12.2021	31.12.2020
<b>Debt instruments at amortized cost</b>		
Parque Solar Planeta Rica S.A.S. E.S.P., Colombia	5,325,520	-
<b>Debt instrument at fair value through profit and loss</b>		-
Leclanché (St. Kitts) Energy Holdings Ltd., Barbados	7,700,000	-
<b>Derivatives not designated as hedging instruments at fair value through profit and loss</b>		
Leclanché (St. Kitts) Energy Holdings Ltd., Barbados	400,000	-

The Company has made a financial investment in Enernet Global, a distributed energy service Company that develops microgrid projects in Latin America, Africa, Australia and Asia, acquiring 7.9% stake in Enernet Global. In addition, the Company and Enernet Global have agreed on a strategic partnership with a focus on asset development.

The loan to Parque Solar Planeta Rica SAS ESP is a subordinated shareholder's loan facility of MPC Energy Solutions Latin America Holdings S.L.U. in the amount of up to COP 20,718,010,340 (USD 5,245,955.73), which also reflect the maximum risk exposure for the Group. The annual interest rate is 10%. Interest will be accrued until the date of repayment of the facility, due on 31 March 2036. The full amount (lump sum and accrued interest) will be repaid in one installment at maturity date. MPCES deems the loan to be performing and the credit risk to be low, as the expected economic benefit for the project, which is currently under construction, has not materially changed and the off-taker is a AAA(col)-rated and publicly listed entity. Therefore, the expected credit loss is insignificant and therefore not recognized.

The Company has made a capital contribution to Leclanché (St. Kitts) Energy Holdings Ltd. that is classified as a debt instrument. The amount disclosed represents the fair value of that debt instrument as of 31 December 2021. Debt instruments at fair value through profit and loss reflects the fair value of the preferred shares the Company has in relation to Leclanché (St. Kitts) Energy Holdings Ltd. The preferred shares, among others, gives a right to receive cumulative preferred dividend from Leclanché (St. Kitts) Energy Holdings Ltd when sufficient excess cash is available. The fair value is calculated with a discounted cash flow model using a discount rate of 10%. The cash flow used are long-term cashflow projections based on our expectations of future performance and excess cash projections of Leclanché (St. Kitts) Energy Holdings Ltd. A 1% increase (decrease) in the discount rate would result in a decrease (increase) in fair value of USD 0.3 million (USD 0.4 million).

Derivatives not designated as hedging instruments reflects the fair value of the call option the Company has in relation to Leclanché (St. Kitts) Energy Holdings Ltd. By exercising the option, the Company is able to purchase an additional 13.3% common shares for an amount of USD 1.4 million. The call option is exercisable within three years starting on the year after the date the commercial operation of the plant has been achieved. The fair value is calculated with a discounted cash flow model using a discount rate of 10%. The cash flow used are the call option price and the related equity value of Leclanché (St. Kitts) Energy Holdings Ltd at that moment. A 1% increase(decrease)in the discount rate would result in a decrease(increase)in fair value of USD 12,000(USD 12,000).

## CURRENT ASSETS

### 5. Trade and other receivables

In USD	31.12.2021	31.12.2020
<b>Receivables from group companies</b>	-	754
Taxes and social securities	175,980	46,222
Prepayments and accrued income	94,406	6,126
	<b>270,386</b>	<b>53,102</b>
<b>Receivables from group companies</b>		
Bonilla Zelaya Ingenieros Constructores SA de CV, El Salvador	-	754
	-	<b>754</b>

In USD	31.12.2021	31.12.2020
<b>Taxes and social securities</b>		
Corporate income tax	8,577	5,298
Value added taxes (VAT)	167,403	40,924
	<b>175,980</b>	<b>46,222</b>

These amounts relate to the subsidiaries in Colombia and El Salvador.

In USD	31.12.2021	31.12.2020
<b>Prepayments and accrued income</b>		
Prepaid expenses, project under construction	94,406	6,126

In 2021 (2020: idem) the expected credit loss is insignificant and therefore not recognized. The total maximum exposure of credit risk related to the current assets is USD 645,940 (2020: USD 53,102).

### 6. Cash and cash equivalents

In USD	31.12.2021	31.12.2020
<b>Bank deposit</b>	<b>56,915,951</b>	<b>411,482</b>

Of the cash and cash equivalents as of 31 December 2021, USD 350,000 were restricted as a cash collateral deposit for bank guarantees submitted in connection with a power purchase agreement for a project in Colombia.

## EQUITY AND LIABILITIES

### 7. Group equity

#### Shareholder's equity

The Company was incorporated by MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a limited partnership incorporated and domiciled in Germany, with registered address at Palmaille 67, 22767 Hamburg, Germany, and German commercial registry number HRA 121346, on 4 June 2020 with EUR 45,000 in issued share capital (45,000 shares outstanding each with a par value of EUR 1.00) and authorized share capital of EUR 180,000.

On 3 September 2020, the Company reduced the nominal value per share from EUR 1.00 to EUR 0.10 and issued 1,800,000 new shares to MPC Capital Beteiligungsgesellschaft mbH & Co. KG against cash consideration. Thereafter, the Company has 2,250,000 shares outstanding each with a par value of EUR 0.10.

As of 31 December 2021 and following the initial public offering in January 2021, the total number of outstanding shares was 22,250,000.

Cost directly related to the initial public offering and not expensed in 2020 are deducted from the brought-in.

In USD	31.12.2021	31.12.2020
<b>Non-controlling interests</b>		
Carrying amount as of starting period	-	-
Non-controlling interest	-	750
Carrying amount as of 31 december	-	<b>750</b>

The non-controlling interest in 2020 related to a minority interest in Bonilla Zelaya Ingenieros Constructores, S.A. de C.V. One share in the Company was owned by an entity of the MPC Group.

### 8. Current liabilities

In USD	31.12.2021	31.12.2020
<b>Trade and other payables</b>	<b>544,471</b>	<b>146,527</b>

Trade payables are non-interest bearing and are normally settled on 30- to 60-day terms.

In USD	31.12.2021	31.12.2020
<b>Payables to group companies</b>		
Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	-	816,109
Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	-	240,205
	-	<b>1,056,224</b>

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Loan MPC Capital Beteiligungsgesellschaft mbH &amp; Co. KG</b>		
Carrying amount as of the start of the reporting period	816,019	-
Loan drawn down	-	803,300
Interest	6,583	12,719
Redemption	(822,602)	-
Carrying amount as of the end of the reporting period	-	816,019

The loan was repaid in March 2021. No securities were provided.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Current account MPC Capital Beteiligungsgesellschaft mbH &amp; Co. KG</b>		
Carrying amount as of the start of the reporting period	240,205	-
Expenses paid on behalf of the Company	52,352	240,205
Repayment	(292,557)	-
Carrying amount as of the end of the reporting period	-	240,205

The current account bears no interest and no securities have been provided. The amount was repaid in the second quarter of 2021.

In USD	31.12.2021	31.12.2020
<b>Payables to other related parties</b>		
MPC Renewable Energies GmbH	-	210,308
MPC Capital AG	-	329,432
MPC Capital GmbH	119,855	-
	<b>119,855</b>	<b>539,740</b>

In fiscal year 2021, payments from the Company to its shareholder, MPC Capital Beteiligungsgesellschaft mbH & Co. KG, and other companies of the MPC Group, totaled USD 2.2 million, including a loan repayment and interest payments of USD 0.8 million and cost reimbursements of USD 0.3 million.

In USD	31.12.2021	31.12.2020
<b>Taxes and social securities</b>		
Corporate income tax	20,222	-
Wage tax	1,393	3,773
	<b>21,653</b>	<b>3,773</b>
<b>Accruals</b>		
Remuneration of the supervisory board	140,000	-
Holiday allowances	6,370	-
Audit fees	-	42,495
Administrative, legal and consulting fees	7,276	60,583
Other	244	4,816
	<b>153,890</b>	<b>107,894</b>

# Notes to the Consolidated Profit & Loss Account

## 9. Employee expenses

In USD	01.01.2021 – 31.12.2021	04.06.2020 – 31.12.2020
Wages and salaries	753,456	38,186
Social security charges	74,773	8,290
Other personnel costs	34,172	1,603
	<b>862,401</b>	<b>48,079</b>

As of 31 December 2021, the Group employed 13 FTEs (2020: 2), of which 6 were employed at the Company's head office in Amsterdam, Netherlands (2020: 0).

## 10. Depreciation of tangible fixed assets

In USD	01.01.2021 – 31.12.2021	04.06.2020 – 31.12.2020
Equipment	1,821	501

## 11. Other operating expenses

In USD	01.01.2021 – 31.12.2021	04.06.2020 – 31.12.2020
Office expenses	208,032	1,302
Selling and distribution expenses	208,604	17,910
General expenses	1,606,616	802,581
	<b>2,023,252</b>	<b>821,793</b>
<b>Office expenses</b>		
Office supplies and rent	36,173	1,076
Communication and it	5,681	113
Fees and subscriptions	166,178	113
	<b>208,032</b>	<b>1,302</b>
<b>Selling and distribution expenses</b>		
Marketing and PR	136,454	9,559
Travelling expenses	72,150	8,351
	<b>208,604</b>	<b>17,910</b>
<b>General expenses</b>		
Management fees	651,706	292,575
Audit fees	162,720	93,052
Legal and consulting fees	704,571	391,091
Other general expenses	87,619	25,863
	<b>1,606,616</b>	<b>802,581</b>

Legal fees, consulting fees and management fees mainly relate to the incorporation of the Company and its group entities and their general activities. Expenses for specific projects under development or acquisition are capitalized. Costs relating to the initial public offering were directly deducted from equity.

## AUDIT FEES

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
Audit fees		
Audit fees year 2021	84,353	-
Audit fees year 2020	78,367	93,052
Services non audit related	-	-
	<b>162,720</b>	<b>93,052</b>

Audit fees are the fees paid to the Company's auditor Ernst & Young Accountants LLP (Dutch statutory auditor). No expenses were paid to the auditor for non-audit related services.

## 12. Summarized statement of profit and loss Parque Solar Planeta Rica S.A.S. E.S.P.

In USD	01.01.2021 - 31.12.2021
Administrative expenses	(58,455)
Finance costs	(39,417)
Other expenses	(22,569)
Loss before income tax	(120,441)
Tax	(2,235)
Total comprehensive income	122,676
<b>Group's share of result for the year</b>	<b>61,338</b>

# Other Notes to the Consolidated Accounts

## CORPORATE INCOME TAX

The parent company is subject to ordinary corporation tax in the Netherlands.

The corporate income tax position can be calculated as follows:

	01.01.2021 - 31.12.2021	
	In USD	Rate
<b>Basis for ordinary corporation tax expense</b>		
Loss before taxes	(2,725,830)	
Nominal tax	(681,458)	(25%)
Add: non-deductible amounts	491,276	18%
Current year tax losses not recognized	190,181	7%
<b>Income tax expenses for the year</b>	-	<b>0%</b>

Tax position 2020

	04.06.2020 - 31.12.2020	
	In USD	Rate
<b>Basis for ordinary corporation tax expense</b>		
Loss before taxes	(876,801)	
Tax at statutory rate	(219,200)	25%
Non-deductible costs	5,731	(1%)
Current year tax losses not recognized	213,469	(24%)
<b>Total tax expense</b>	-	<b>0.00%</b>

As of 31 December 2021 the tax loss carried forward amounts to USD 1,528,114 (2020: USD 767,390). These tax losses can be carried forward indefinitely. However, loss relief is limited to 50% of the taxable profit of the relevant financial year to the extent that the taxable profit exceeds a threshold of EUR 1.0 million. Up to an amount of EUR 1.0 million taxable profit, losses can be fully set off against profits. The company expects to use the tax losses during the coming six years.

Currently, no convincing evidence of using the tax loss exists. Accordingly, the criteria for recognition of deferred tax assets are not met.

The effective tax rate is 0% for reporting period.

## EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The following table reflects the income and share data used in the basic earnings per share calculations:

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
Profit/(loss) for year attributable to ordinary equity holders	(2,725,830)	(876,801)
Weighted average number of shares outstanding, basic	22.250.000	1.305.000
<b>Basic earnings per share</b>	<b>(0,12)</b>	<b>(0,67)</b>

There are currently no instruments outstanding as of 31 December 2021 with a potentially dilutive effect on earnings per share.

The Company had only one operating segment in 2021 and therefore provides no overview of revenues per segment in accordance with IFRS 8.

## FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as of 31 December 2021 and 2020:

As per end of 2021	Carrying amount USD	Fair values USD
<b>Financial assets designated at fair value through OCI</b>		
Equity instruments	3,000,000	3,000,000
<b>Financial assets at amortized cost</b>		
Debt instruments	5,325,520	5,325,520
<b>Financial assets at fair value</b>		
Debt instruments	7,300,000	7,700,000
Derivatives	-	400,000
Trade and other receivables	-	-
Cash and cash equivalents	56,915,951	56,915,951
<b>Total financial assets</b>	<b>72,541,471</b>	<b>73,341,471</b>
<b>Financial liabilities at amortized cost</b>		
Trade payables	544,471	544,471
Other current liabilities	119,855	119,855
<b>Total financial liabilities</b>	<b>664,326</b>	<b>664,326</b>
<b>As per end of 2020</b>		
<b>Financial assets designated at fair value through OCI</b>		
Equity instruments	500.000	500.000
<b>Financial assets at amortized cost</b>		
Trade and other receivables	754	754
Cash and cash equivalents	411.482	411.482
<b>Total financial assets</b>	<b>912.236</b>	<b>912.236</b>



<b>Financial liabilities at amortized cost</b>		
Trade payables	146,527	146,527
Other current liabilities	1,595,964	1,595,964
<b>Total financial liabilities</b>	<b>1,742,491</b>	<b>1,742,491</b>

The fair value of the equity instruments are based on significant unobservable inputs (Level 3). It has been determined that cost price is the best estimate for fair value of this investment as sufficient more recent information is not available yet.

The fair value of the debt instruments and derivatives are based on significant unobservable inputs (Level 3).

Management assessed that the fair values of cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

## FINANCIAL RISK MANAGEMENT

Through its business activities the group is exposed to the following financial risks that may negatively influence the value of assets, liability and future cash flows.

- + Market risk
- + Credit risk
- + Liquidity risk
- + Delays in construction

### Market risk

**Market risk** from financial instruments is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise four types of risk: interest rate risk, foreign currency risk, credit risk and price risk.

**Interest rate risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the date of financial statements, the Group has provided debt instruments to joint ventures. Going forward, the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group may then manage its interest rate risk by using interest rate hedging instruments.

**Foreign currency risk** is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. While the Group's functional currency is USD, the Group operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. Any future change in exchange rates between USD and the subsidiaries' functional currencies affects its statement of profit or loss, other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into USD for reporting purposes. There is also an accounting exposure related to translation effects for interCompany balances.

Once the Group commences its operation of renewable energy projects, sales of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow will be affected by changes in the electricity prices. The Group seeks to, where appropriate, reduce the effect of price fluctuation by entering into long-term, fixed price contracts.

## Credit risk

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group will be exposed to credit risk from its operating activities (primarily trade receivables from off-take partners who have committed to buy electricity produced by or on behalf of the Group) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

It is the aim of the Group to enter into contracts with creditworthy counterparties only. Prior to concluding a power purchase agreements or other contractual agreement that exposes the Group to credit risk, the Group evaluates the credit quality of the off-take partners and other contractual parties, assessing its financial position, past experience and other factors. In addition, general business partners and compliance checks, including the credit history, as available and applicable, are evaluated.

The same assessment of credit risk is done with regards to the shareholder loan granted to subsidiaries or joint ventures. The Company grants these loans as part of an overall business projection and financing structure for its projects, i.e. the combination of common and preferred equity, shareholders loans, and bank debt, as applicable. In the case of the shareholder loan granted to Parque Solar Planeta Rica S.A.S. E.S.P. (Colombia), a fixed annual interest rate of 10% was agreed between the parties after assessing and finalizing the financing structure and appropriate risk-adjusted compensation for the risk of assuming the associated credit risk.

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and / or undrawn committed credit facilities at all times to meet its obligations. To ensure this, the Group continuously monitors projected cash flows using a liquidity planning tool.

## Delays in construction

Delays in construction may cause the fair value of our financial assets to fluctuate and be impaired. The Group manages this risk through closely monitoring the construction progress and budgets and taking appropriate (preventive) measure, where needed, to ensure that projects are completed in time and on budget.

The following table summarizes the contractual maturities of financial liabilities of the Company on an undiscounted basis as of 31 December 2021 and 31 December 2020:

As per 31 December 2021 in USD	< 1 year	1-5 years	> 5 years	Total
Trade and other payables	544,471	-	-	544,471
Payables to group companies	-	-	-	-
Payables to other related parties	119,855	-	-	119,855
Taxes and social securities	21,653	-	-	21,653
Accruals	153,890	-	-	153,890
<b>Total</b>	<b>839,869</b>	<b>-</b>	<b>-</b>	<b>839,869</b>

As per 31 December 2020 in USD	< 1 year	1-5 years	> 5 years	Total
Trade and other payables	146,527	-	-	146,527
Payables to group companies	1,056,224	-	-	1,056,224
Payables to other related parties	539,740	-	-	539,740
Taxes and social securities	3,773	-	-	3,773
Accruals	107,894	-	-	107,894
<b>Total</b>	<b>1,854,158</b>	<b>-</b>	<b>-</b>	<b>1,854,158</b>

## COMMITMENTS

The Group has the following off-balance sheet commitment as of 31 December 2021:

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores, S.A. contains provisions regarding contingent purchase price payments depending on certain milestone events in the development and operational phase of the solar PV project. Depending on the commercial success of the project, such contingent purchase price payments may accumulate to a maximum total amount of USD 7.5 million over a period of 20 years (i.e. the operational phase of the asset after successful development and construction).

A share purchase agreement for 95% of the shares in the project Company Neol CHP LLC (Puerto Rico) was signed in 2021. The transaction was closed on 29 March 2022. The total investment for MPCES at closing was USD 9.0 million. MPCES made the investments through its subsidiary MPC Energy Solutions Latin America Holdings II B.V. (Netherlands). Neol CHP LLC will generate revenues and income for the Group in 2022, but has had no effect on the reporting period 2021.

Furthermore, a share purchase agreement for 100% of the shares in the project Company Los Santos I S.A.P.I. de C.V. (Mexico) was signed in 2021. The transaction was closed on 4 February 2022. The maximum total investment for MPCES, including deferred payments, would be USD 5.0 million, of which MPCES, through its subsidiary MPC Energy Solutions Latin America Holding S.L.U. (Spain), has paid USD 2.5 million to the sellers at closing. Deferred payments, if any, would be made in the first half of 2022 and be accounted for when the entity is consolidated for the first time. Neol CHP LLC will generate revenues and income for the Group in 2022, but has had no effect on the reporting period 2021.

Please refer to our accounting policy on “business combinations” for further explanations on our accounting treatment for the acquisitions of Neol CHP LLC and Los Santos I S.A.P.I. de C.V. The accounting for the business combinations are not completed as of the time of publication of this report, and additional information on the transactions beyond the aforementioned disclosures will be added in interim reports for the fiscal year 2022.

## POST BALANCE SHEET EVENTS

In January 2022, MPCES provided a shareholder loan in the amount of USD 3.9 million to its 100% subsidiary Bonilla Zelaya Ingenieros Constructores SA de CV (El Salvador) in connection with funding the construction of the solar PV plant Santa Rosa & Villa Sol. The subsidiary is fully consolidated.

Also in January 2022, the Company invested USD 11.3 million equity in its wholly-owned subsidiary Parque Solar Los Girasoles SAS ESP (Colombia) to fund the construction of the solar PV plant. The subsidiary is fully consolidated.

In addition, in January 2022, MPCES subscribed to a convertible note issued by Enernet Global in the amount of USD 1.0 million.

On 4 February 2022, MPCES successfully closed the acquisition of Los Santos I SAPI de CV (Mexico) and paid a partial purchase price of USD 2.5 million for all issued shares in the Company. An additional USD 2.5 million might be paid at a later stage as a deferred purchase price payment. The subsidiary will be fully consolidated.

On 24 February 2022, Russia invaded Ukraine and the countries are at war since. Please refer to the “Report of the Management Board” for a more detailed assessment.

At the end of March 2021, El Salvador’s parliament approved a stage of emergency after violence among gangs escalated and more than 60 people were killed. The measures taken by the government do not restrict our ability to continue construction of our projects Santa Rosa and Villa Sol, but we decided to take additional security measures which will result in immaterial extra costs. The Management Board is monitoring the situation closely.

On 29 March 2022, MPCES successfully closed the acquisition of Neol CHP LLC (Puerto Rico). An equity contribution of USD 6.0 million was made to the entity, and an additional USD 3.0 million was paid as consideration for the shares acquired from existing shareholders. The Group owns 95% of the common equity in the entity.

# COMPANY FINANCIAL STATEMENTS

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# Statement of Financial Position

In USD	Notes	31 December 2021	31 December 2020
<b>Assets</b>		<b>90,588,402</b>	<b>1,007,119</b>
<b>Non-current assets</b>		<b>55,410,352</b>	<b>649,256</b>
Property plant and equipment		680,222	-
Financial fixed assets	13	54,730,130	649,256
<b>Current assets</b>		<b>35,178,050</b>	<b>357,863</b>
Trade and receivables	14	42,484	150,267
Cash and cash equivalents	15	35,135,566	207,596
<b>Equity and liabilities</b>		<b>90,588,402</b>	<b>1,007,119</b>
<b>Equity</b>	16	<b>82,773,575</b>	<b>(547,405)</b>
Share capital		2,728,700	274,500
Other capital reserves		84,245,764	19,770
Legal reserves		(598,258)	35,126
Retained losses		(876,801)	-
Profit / loss for the period		(2,725,830)	(876,801)
<b>Provisions</b>	17	<b>-</b>	<b>56,495</b>
<b>Current liabilities</b>	18	<b>7,814,827</b>	<b>1,455,534</b>
Trade and other payables		503,413	17,004
Payables to group companies		7,045,047	1,056,224
Payables to other related parties		119,855	329,740
Accruals		146,512	92,061

Note: Rounding differences may occur.

# Income Statement

In USD	Notes	01.01.2021 - 31.12.2021	04.06.2020 - 31-12-2020
Employee expenses	19	(525,459)	-
Other operating expenses	20	(1,875,477)	(752,620)
<b>Operating result (EBIT)</b>		<b>(2,400,936)</b>	<b>(752,620)</b>
Finance income	21	-	14,158
Finance expense	22	(156,999)	(16,753)
Financial income and expenses		(156,999)	(2,595)
<b>Profit / Loss before income tax (EBT)</b>		<b>(2,557,935)</b>	<b>(755,215)</b>
Income tax		-	-
Result of participating interests	23	(167,895)	(121,586)
<b>Profit / Loss for the period</b>		<b>(2,725,830)</b>	<b>(876,801)</b>

Note: Rounding differences may occur.

# Notes to the Company Financial Statements

## BASIS OF PREPARATION

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU, as explained further in the notes to the consolidated financial statements.

## SIGNIFICANT ACCOUNTING POLICIES

### Financial fixed assets

Participating interests (subsidiaries and joint ventures) are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

### Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealized, they have not been recognized.

### Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the effective interest rate. The Company recognizes a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For interCompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the Company elected to eliminate these differences through the respective receivable account in the separate financial statements.

### Commitments

The Company has the following off-balance sheet commitment as of 31 December 2021:

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores, S.A. contains provisions regarding contingent purchase price payments depending on certain milestone events in the development and operational phase of the solar PV project. Depending on the commercial success of the project, such contingent purchase price payments may accumulate to a maximum total amount of USD 7.5 million over a period of 20 years (i.e. the operational phase of the asset after successful development and construction).



# Notes to the Company Balance Sheet

## ASSETS

### FIXED ASSETS

#### 13. Financial fixed assets

In USD	31/12/2021	31/12/2020
Participations in group companies	51,730,130	149,256
Investment in equity instruments	3,000,000	500,000
	<b>54,730,130</b>	<b>649,256</b>
<b>Participations in group companies</b>		
Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.	-	149,256

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.</b>		
Carrying amount as of the start of the reporting period	149,256	-
Investments	300,000	150,000
Share in result	(25,300)	2,734
Existing equity at purchase date	-	1,990
Desinvestment	(423,956)	-
<b>Carrying amount as of the end of the reporting period</b>	<b>-</b>	<b>149,256</b>

The shares in the Company were sold intra-Company to MPC Energy Solutions Latin America Holdings S.L.U. and MPC Energy Solutions Latin America Holdings II B.V.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>MPCES Holding B.V.</b>		
Carrying amount as of the start of the reporting period	(56,495)	1
Investments	28,215,940	-
Exchange result reserve	(636,721)	-
Share in result	(146,737)	(56,495)
<b>Carrying amount as of the end of the reporting period</b>	<b>27,375,987</b>	<b>(56,494)</b>
<b>MPC Energy Solutions Latin America Holdings II B.V.</b>		
Carrying amount as of the start of the reporting period	1	-
Investments	24,350,000	-
Exchange result reserve	-	-
Share in result	4,143	-
<b>Carrying amount as of the end of the reporting period</b>	<b>24,354,144</b>	<b>-</b>

In USD	31.12.2021	31.12.2020
<b>Investment in equity instruments</b>		
Enernet Global Inc. at Delaware, USA	3,000,000	500,000

The Company has made a financial investment in Enernet Global, a distributed energy service Company that develops microgrid projects in Latin America, Africa, Australia and Asia. In addition, the Company and Enernet Global have agreed on a strategic partnership with a focus on asset development.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Enernet Global Inc.</b>		
Carrying amount as of the start of the reporting period	500,000	-
Investments	2,500,000	500,000
<b>Carrying amount as of the end of the reporting period</b>	<b>3,000,000</b>	<b>500,000</b>

## CURRENT ASSETS

### 14. Trade and other receivables

In USD	31/12/2021	31/12/2020
Receivables from group companies	-	150,267
Taxes and social securities	39,049	-
Prepayments and accrued income	3,435	-
	<b>42,484</b>	<b>150,267</b>
<b>Receivables from group companies</b>		
MPCES Holding B.V.	-	150,267
	-	<b>150,267</b>
<b>Taxes and social securities</b>		
Value added taxes (VAT)	39,049	-
	<b>39,049</b>	-

### 15. Cash and cash equivalents

In USD	31.12.2021	31.12.2020
EUR	1,860,403	206,527
USD	33,275,163	1,069
<b>Carrying amount as of end of period</b>	<b>35,135,566</b>	<b>207,596</b>

Of the cash and cash equivalents as of 31 December 2021, USD 350,000 were restricted as a cash collateral deposit for bank guarantees submitted in connection with a power purchase agreement for a project in Colombia.

## EQUITY AND LIABILITIES

### 16. Equity

In USD	31.12.2021	31.12.2020
<b>Issued share capital</b>		
Subscribed and paid up 22,250,000 ordinary shares at par value € 0.10	2,728,700	274,500

At the moment of founding the Company the authorized share capital was EUR 180,000 divided in 180,000 shares with a nominal value of EUR 1. In total 45.000 shares were issued.

On 4 September 2020 the authorized share capital has been changed into 450,000 shares with a nominal value of EUR 0.10. At the same date the Company has issued 1,800,000 shares each with a par value of EUR 0.10.

As of 31 December 2021, the Company's share capital is USD 2,728,700 comprised of 2,250,000 shares with a nominal value of EUR 0.10 per share.

To fund the Company's business development from 2021 onwards, equity was raised through a private placement and subsequently list the Company on the Euronext Growth segment of the Oslo Stock Exchange as early as in January 2021. The private placement included 20,000,000 shares at an issuing price of NOK 38.50 and resulted in gross proceeds of USD 90.0 million.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Other capital reserves</b>		
Carrying amount as of the start of the reporting period	19,770	-
Allocation in/decrease related to issue share capital	84,229,331	(9,450)
Allocation increase related to asset acquisition	(3,337)	29,220
<b>Carrying amount as of the end of the reporting period</b>	<b>84,245,764</b>	<b>19,770</b>
<b>Legal reserves</b>		
Carrying amount as of the start of the reporting period	35,126	-
Allocation	(633,384)	35,126
<b>Carrying amount as of the end of the reporting period</b>	<b>(598,258)</b>	<b>35,126</b>

Movements in the legal reserves are booked for foreign exchange results that are not presented in the Income statement (as mentioned in Consolidated Statement of Comprehensive Income). The legal reserves fully relate to a foreign currency translation reserve.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Other reserves</b>		
Carrying amount as of the start of the reporting period	(876,801)	-
Allocation of financial year net result	(2,725,830)	(876,801)
<b>Carrying amount as of the end of the reporting period</b>	<b>(3,602,631)</b>	<b>(876,801)</b>

## 17. PROVISIONS

In USD	31.12.2021	31.12.2020
<b>Other provisions</b>	-	56,495
Provision subsidiaries	-	56,495

The full amount of the provision has been classified as short-term. The provision related to the negative net asset value of the subsidiary MPCES Holding B.V. as per 31 December 2020.

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>Provision subsidiaries</b>		
Carrying amount as of the start of the reporting period	56,495	-
Net result	-	56,496
Incorporation	(56,495)	(1)
<b>Carrying amount as of the end of the reporting period</b>	-	56,495

## 18. CURRENT LIABILITIES

In USD	31.12.2021	31.12.2020
<b>Trade and other payables</b>		
Creditors	503,413	17,004

Trade payables are non-interest bearing and are normally settled on 30- to 60-day terms.

In USD	31.12.2021	31.12.2020
<b>Payable to group companies</b>		
Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	-	816,019
Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	-	240,205
Loan MPC Energy Solutions Latin America Holdings II B.V.	7,009,403	-
Payable MPC Energy Solutions Colombia S.A.S.	35,644	-
	<b>7,045,047</b>	<b>1,056,224</b>

In USD	31.12.2021	31.12.2020
<b>Loan MPC Capital Beteiligungsgesellschaft mbH &amp; Co. KG</b>		
Carrying amount as of the start of the reporting period	816,019	-
Loan drawn down	-	803,300
Interest	6,583	12,719
Redemption	(822,602)	-
<b>Carrying amount as of the end of the reporting period</b>	<b>-</b>	<b>816,019</b>

The loan was repaid in March 2021. No securities were provided.

In USD	31.12.2021	31.12.2020
<b>Current account MPC Capital Beteiligungsgesellschaft mbH &amp; Co. KG</b>		
Carrying amount as of the start of the reporting period	240,205	
Expenses paid on behalf of the Company	52,352	240,205
Repayment	(292,557)	
<b>Carrying amount as of the end of the reporting period</b>	<b>-</b>	<b>240,205</b>

In USD	31.12.2021	31.12.2020
<b>Loan MPC Energy Solutions Latin America Holdings II B.V.</b>		
Loan draw down	7,000,000	-
Interest	9,403	-
Redemption	-	-
<b>Carrying amount as of 31 December</b>	<b>7,009,403</b>	<b>-</b>

In December 2021 a loan in the amount of USD 7,000,000 was extended. The loan carried an interest rate of 3 months USD Libor rate plus a margin of 3.00% and was repaid in January 2022.

In USD	31.12.2021	31.12.2020
<b>Payable MPC Energy Solutions Columbia S.A.S.</b>		
Accrued invoice	35,644	-
<b>Carrying amount as of the end of the reporting period</b>	<b>35,644</b>	<b>-</b>

In USD	31.12.2021	31.12.2020
<b>Payables to other related parties</b>		
MPC Capital GmbH	119,855	-
MPC Capital AG	-	329,432
MPC Renewable Energies GmbH	-	308
	<b>119,855</b>	<b>329,740</b>
<b>Accruals</b>		
Remuneration of the supervisory board	140.000	-
Holiday allowances	6,370	-
Other expenses	142	-
Audit fees	-	42,495
Legal and consulting fees	-	52,566
	<b>146,512</b>	<b>95,061</b>

# Notes to the Company Profit and Loss Account

## STAFF

At the end of 2021, the Company had 6 FTE (2020: 0), of which all were employed in the Company's head office in Amsterdam, Netherlands.

## REMUNERATION OF DIRECTORS AND SUPERVISORS

The total remuneration of the two management board members and five supervisory board members for fiscal year 2021 was USD 423,733 (2020: 0). Thereof, USD 200,000 is still payable.

### 19. Employee expenses

In USD	01.01.2021 – 31.12.2021	04.06.2020 – 31.12.2020
Wages and salaries	464,840	-
Social security charges	26,447	-
Other personnel costs	34,172	-
	<b>525,459</b>	-

### 20. Other operating expenses

In USD	01.01.2021 – 31.12.2021	04.06.2020 – 31.12.2020
Office expenses	188,580	56
Selling and distribution expenses	178,197	15,545
General expenses	1,508,700	737,019
	<b>1,875,477</b>	<b>752,620</b>
<b>Office expenses</b>		
Office supplies and rent	21,591	-
Communication and IT	4,908	-
Fees and subscriptions	162,081	56
	<b>188,580</b>	-
<b>Selling and distribution expenses</b>		
Marketing and PR	136,454	9,559
Travelling expenses	41,743	5,986
	<b>178,197</b>	<b>15,545</b>

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
<b>General expenses</b>		
Management fees	651,706	292,575
Audit fees	162,720	93,052
Legal and consulting fees	693,263	351,225
Other general expenses	1,011	167
	<b>1,508,700</b>	<b>737,019</b>

Management fees and legal and consulting fees mainly relate to incorporation and capital increase of the Company and registration with the stock exchange.

## FINANCIAL INCOME AND EXPENSES

### 21. Interest and similar income

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
Currency exchange results	-	14,158

### 22. Interest and similar expenses

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
Bank charges and -interest	28,978	419
Currency exchange results	121,438	3,615
Interest loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	6,583	12,719
	<b>156,999</b>	<b>16,753</b>

### 23. Result participating interests

In USD	01.01.2021 - 31.12.2021	04.06.2020 - 31.12.2020
Share in result of MPCES Holding B.V.	(146,738)	(118,852)
Share in result of MPC Energy Solutions Latin America Holdings II B.V.	4,143	-
Purchased equity of Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.	(25,300)	(2,734)
	<b>(167,895)</b>	<b>(121,586)</b>



## POST BALANCE SHEET EVENTS

In January 2022, MPCES subscribed to a convertible note issued by Enernet Global Inc. in the amount of USD 1.0 million.

In February 2022, Russia invaded Ukraine and the countries are at war since. Please refer to the "Report of the Management Board" for a more detailed assessment.

## RECOGNITION OF THE LOSS FOR 2021

The Management Board proposes to deduct the 2021 result from the other reserves for an amount of USD 2,725,830.

The General Meeting of Shareholders will be asked to approve the appropriation of the 2021 result. This proposition is already recognized in the financial statements.

19 April 2022

The Management Board of MPC Energy Solutions N.V.



**Martin Vogt**  
Chief Executive Officer



**Stefan H.A. Meichsner**  
Chief Financial Officer

## Other Information

The profit shall be at the disposal of the General Meeting of Shareholders for holders of ordinary shares. At the proposal of the Management Board and approval by the Supervisory Board, the General Meeting of Shareholders may decide to make any dividend to holders of ordinary shares payable not in cash, but rather in part or entirely in shares in the Company's capital.

# AUDITOR'S OPINION

# Independent auditor's report

To: the shareholders and supervisory board of MPC Energy Solutions N.V.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

### Our opinion

We have audited the financial statements for the year ended 31 December 2021 of MPC Energy Solutions N.V. based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

#### In our opinion:

- + the accompanying consolidated financial statements give a true and fair view of the financial position of MPC Energy Solutions N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- + the accompanying company financial statements give a true and fair view of the financial position of MPC Energy Solutions N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### The consolidated financial statements comprise:

- + the consolidated statement of financial position as at 31 December 2021
- + the following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- + the notes comprising a summary of the significant accounting policies and other explanatory information.

#### The company financial statements comprise:

- + the company statement of financial position as at 31 December 2021
- + the company income statement for 2021
- + the notes comprising a summary of the accounting policies and other explanatory information.

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of MPC Energy Solutions N.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Our understanding of the business

MPC Energy Solutions is an integrated independent power producer founded in May 2020. The main business activity of the MPC Energy Solutions N.V. and its subsidiaries (the group) is to develop, construct and acquire low-carbon energy infrastructure, including solar and wind assets and other hybrid and energy efficiency solutions with a regional approach in Latin America and the Caribbean, technically and commercially operating these projects and selling the energy produced by these projects. MPC Energy Solutions N.V. is in the early stages of executing its business plan and did not generate revenues from sales of products or services in 2021. The predominant focus of the group is on product or service development and associated roll-out activities. We paid specific attention in our audit to a number of areas driven by the activities of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Materiality

<b>Materiality</b>	USD 2,400,000 (2020 USD 27,000)
<b>Benchmark applied</b>	3% of equity as per 31 December 2021 (2020: 3% of operating expenses)
<b>Explanation</b>	<p>We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. The company funds its projects through equity, much like an investment entity. We considered that equity reflects the value of the amounts invested by shareholders and for equity investors net asset value (equity) and return on equity are generally viewed as the key performance indicators.</p> <p>We have changed the benchmark applied in comparison to the period ended 31 December 2020, following the admission to trading of the company's shares on Euronext Growth Oslo in 2021.</p>

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of USD 120,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

MPC Energy Solutions N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of MPC Energy Solutions N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on the significant group entities that are included in the financial statements of the company: MPC Energy Solutions N.V., MPC Energy Solutions Colombia S.A.S., Parque Solar Planeta Rica SAS ESP, Bonilla Zelaya Ingenieros Constructores, S.A. de C.V. and Leclanché (St. Kitts) Energy Holdings Ltd. We have:

- + Performed audit procedures ourselves at MPC Energy Solutions N.V. and Leclanché (St. Kitts) Energy Holdings Ltd.
- + Used the work of other auditors operating under our coordination and supervision when auditing the entities MPC Energy Solutions Colombia S.A.S., Parque Solar Planeta Rica SAS ESP, and Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.
- + Performed review procedures or specific audit procedures ourselves at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

## Teaming and use of specialists

We ensured that the audit teams, both at group and at significant group entities, included the appropriate skills and competences which are needed for the audit of a listed entity investing in the renewable energies industry. We included specialists in the area of income tax, valuation specialists for the fair value assessment of debt instruments and have made use of our own accounting experts.

## Our focus on fraud and non-compliance with laws and regulations

### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

### Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section 'risk factors' of the management board report for the management board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We considered whether the company's business in Latin America and the Caribbean and its dealings with local (state-owned) companies, authorities and business partners would give rise to risks of bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. We have used data analysis to identify and address high-risk journal entries and evaluated the business rationale of transactions with related parties and whether these were accounted for at arm's length and in accordance with transfer pricing documentation. We have also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates, including the valuation of solar plant assets, as disclosed in 'Significant judgments, estimates and assumptions in the notes to the consolidated financial statements. We refer to our audit response in the key audit matter 'Valuation of solar plant assets (property plant & equipment)'.

## Auditor's Opinion

We considered available information and made enquiries of relevant executives, directors (legal, compliance, human resources and regional directors) and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

### **Our audit response related to risks of non-compliance with laws and regulations**

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management and supervisory board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

## Our audit response related to going concern

As disclosed in section 'Going concern' to the financial statements, the management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

## Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter 'accounting treatment of acquisitions' which was included in our last year's auditor's report, is not considered a key audit matter for this year as no material acquisitions were done in 2021.

Following the capitalization of solar plant assets, a new key audit matter 'valuation of solar plant assets' has been defined. In addition, a new key audit matter has been defined relating to the valuation of investment in joint ventures.

## Valuation of solar plant assets (property plant &amp; equipment)

<p><b>Risk</b></p>	<p>The company is exposed to risks regarding the valuation of solar plant assets, related to the solar plants in development and under construction. During the development phase MPC Energy Solutions N.V. is in the process of obtaining the required documentation, such as power purchase agreements, interconnection(s) to the electricity grid, land rights and permits. During the construction phase this documentation has been obtained which enables the management board to more reliably measure future cash flows reducing the impairment risk. However as the plant is still not connected to the grid it is exposed to construction risks, which in turn can impact future cash flows. Factors that trigger impairment risk include political changes, macroeconomic fluctuations, changes to energy tariffs and similar.</p> <p>As disclosed in section 'Significant judgements, estimates and assumptions' in the financial statements the management board performs an annual impairment test and uses a cash flow model with the expected future cash flows as a basis for identifying impairment triggers for solar plant assets and makes an assessment of significant events (both internal and external) identified on a solar plant level ('cash generating unit').</p> <p>Assessing whether there is any indication that an asset or cash generating unit is impaired, and, if any such indication exists, determining the recoverable amount, requires significant judgment and we consider the potential risk of management override of controls or other inappropriate influence over the financial reporting process. As such, we identified valuation of the solar plant assets as key audit matter.</p>
<p><b>Our audit approach</b></p>	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies relating to the impairment of assets in accordance with IAS 36 'Impairment of assets' and the criteria set to determine that there is any indication of an impairment loss ("impairment triggers") and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of indications for impairment as part of the financial statement closing process.</p> <p>We have performed the following procedures for the valuation of solar plant assets:</p> <ul style="list-style-type: none"> <li>+ Inspected the management board's annual impairment assessment and performed a retrospective review of the outcome or re-estimation of previous accounting estimates by the management board.</li> <li>+ Verified the completeness of impairment triggers considered by the management board by performed inquiries, reviewing minutes and inspecting contracts.</li> <li>+ We considered whether the management board's identification of impairment triggers, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may indicate that there is an impairment loss. We specifically considered whether the change in share price of the company is an potential indicator of impairment of the company's assets and cash generating units.</li> <li>+ Reviewed the management board and supervisory board meeting minutes to review the existence of any impairment triggers.</li> <li>+ Reviewed component team deliverables for impairment triggers identified.</li> <li>+ Reviewed the key assumptions in the cash flow model and evaluated whether these are aligned with documentation, such as agreements and permits.</li> </ul> <p>Finally, we evaluated the related disclosures in the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.</p>
<p><b>Key observations</b></p>	<p>Based on the procedures performed, we concur with the outcome of the impairment test that the management board's performed, the valuation of the solar plant assets and the disclosures relating to significant assumptions and estimates in the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p>

**Valuation of investments in joint ventures (debt instrument)**

<b>Risk</b>	<p>In December 2021 MPC Energy Solutions N.V. invested USD 13.3 million in the joint venture 'Leclanché (St. Kitts) Energy Holdings Ltd' through an investment of USD 6.0 million in common shares and USD 7.3 million through a debt instrument.</p> <p>The debt instrument needs to be accounted for at 'Fair value through profit or loss' because the debt instrument fails the 'solely payments and principal and interest (SPPI)' test. As disclosed in section "Financial Instruments" and 'note 4. Financial fixed assets' and 'Financial risk management' of the financial statement, the management board determined the fair value by discounting expected future cash flows resulting from the investment. The expected future cash flows are based on the expected excess cash flows of the underlying solar plant and battery energy storage project and the anticipated returns based on the investment and shareholder agreement that is agreed with the other investor. As the assessment of the expected future cash flows is complex and judgmental and the inputs are uncertain we have identified the accounting treatment as a key audit matter. The management board calculated the fair value of the debt instrument at USD 7.7 million.</p>
<b>Our audit approach</b>	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies relating to the valuation of financial fixed assets in accordance with IFRS 13 'Fair Value Measurement' as well as industry practices and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the fair valuation as part of the financial statement closing process.</p> <p>Further, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>+ We involved accounting and valuations specialists and challenged the management board's assessment on the application of accounting policies and the fair value measurement of the debt instrument.</li> <li>+ We reviewed the cash flow model for consistency and an assessment against generally accepted market practice and we inspected contracts, and other supporting documentation to verify the existence and valuation of the assets acquired.</li> <li>+ Reviewed the key assumptions in the cash flow model which serves as a basis for the fair value assessment such as the discount rates used with the help of our valuation specialists.</li> <li>+ We analyzed events subsequent to 31 December 2021 to determine whether any events require adjusting amounts to be recognized in the financial statements.</li> </ul> <p>Finally, we evaluated the adequacy of the disclosures related to debt instruments measured at fair value. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes.</p>
<b>Key observations</b>	<p>Based on our procedures performed, we consider the management board's fair value measurement of the debt instrument and related disclosures to be reasonable and in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.</p>

## REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- + Is consistent with the financial statements and does not contain material misstatements
- + • Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.



We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Engagement

We were engaged by the general meeting as auditor of MPC Energy Solutions N.V. on 19 January 2021, as of the audit for the period ended 31 December 2020 and have operated as statutory auditor ever since that date.

## DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

### Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

## Auditor's Opinion

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- + Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- + Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- + Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- + Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- + Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

## Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Zwolle, 19 April 2022

Ernst & Young Accountants LLP

signed by

**D.L. Groot Zwaaftink**



