MPC ENERGY SOLUTIONS

ANNUAL REPORT 2022

MPC Energy Solutions N.V.

MPC ENERGY SOLUTIONS IS A FULL-CYCLE INDEPENDENT POWER PRODUCER (IPP)

MPC Energy Solutions ("MPCES", "Company", together with its subsidiaries "Group", "we") develops, builds, owns and operates renewable energy assets, including utility-scale solar photovoltaics (PV) and onshore wind farms, as well as combined-heat-and-power (CHP) installations, energy efficiency solutions and hybrid projects, combining renewable sources and storage technologies.

We generate and deliver clean and affordable energy to public and private commercial and industrial off-takers in developing markets, accelerating and driving the energy transition. To sell the energy we produce in our plants, we usually sign long-term power purchase agreements (PPA) which help us secure 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 public utilities.

The Company is currently active in several countries across Latin America and the Caribbean. MPCES intends to expand globally and replicate its business model in other attractive regions, e.g. South East Asia, Australia and Oceania.

Contents

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.

FINANCIAL DISCLAIMERS AND DEFINITIONS

Amounts reported in thousands or millions throughout this report are computed based on the underlying numbers in US dollars (USD). As a result, the sum of the components reported in the underlying numbers in USD may not equal the total amount reported in thousands or millions due to rounding. Certain columns and rows within tables may therefore not add up due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in dollars.

To supplement our audited consolidated financial statements presented on an International Financal Reporting Standards (IFRS) basis, we disclose certain non-IFRS financial measures (Alternative Performance Measures, APM), including, without being limited to, proportionate energy output numbers, proportionate revenues, and proportionate earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before interest, taxes, and amortization (EBITA), including percentages and ratios derived from those measures. Both EBITDA and EBITA and commonly used performance indicators in the Company's industry. These APM are not necessarily in accordance with generally accepted accounting principles stipulated by IFRS and should not be considered in isolation from or as a replacement for the most directly comparable IFRS financial measures. Further, other companies may calculate these APMs differently than we do, which may limit the usefulness of those measures for comparative purposes.

Management uses supplemental APMs to evaluate performance period over period, to analyze the underlying trends in our business, to assess our performance relative to our competitors and to establish operational goals and forecasts that are used in allocating resources. In addition, management uses APMs to further its understanding of the performance of our operating projects, and help isolate actual performance from adjustments required by accounting standards.

FORWARD-LOOKING STATEMENTS

Certain information and statements shared in this document, including financial estimates and comments about our plans, expectations, beliefs, or business prospects, and other information and statements that are not historical in nature, may constitute forward-looking statements under the securities laws. We make these statements based on our views and assumptions regarding future events and business performance at the time we make them.

We do not undertake any obligation to update these information and statements in the future. Forward-looking statements are subject to several risks and uncertainties, and actual results may differ materially from the results expressed or implied considering a variety of factors, including factors contained in our financial statements, filings, and other releases.

MPC ENERGY SOLUTIONS N.V.

MPC ENERGY SOLUTIONS IN BRIEF

MPCES was founded on 4 June 2020 as a Dutch public limited liability company incorporated in the Netherlands and governed by Dutch law. The Company is registered with the Dutch company register under the organization number 78205123, and its registered office is at Koningin Wilhelminaplein 1, 1062 HG Amsterdam. MPCES has additional offices in Bogotá (Colombia) and Panama City (Panama).

The shares of the Company are listed on the Euronext Growth segment of the Oslo Stock Exchange under stock ticker MPCES (ISIN: NL0015268814).

Solar PV | **Wind power** | **Hybrid** | **Energy Efficiency**

LETTER TO THE SHAREHOLDERS

Dear Fellow Shareholders,
Dear Readers,

Any ambitious growth company needs to deliver a proof-of-concept. As a full-cycle independent power producer (IPP), we must demonstrate that we can take projects from development through construction to operation, that we grow our business in existing markets and create opportunities in new ones, and that we can successfully integrate acquired projects. And over time, these operational milestones need be underlined with solid financial returns.

We have now achieved the proof-of-concept:

+ The Santa Rosa & Villa Sol solar PV plant from our own development backlog is now operational in El Salvador.
+ The Los Santos I solar PV plant we acquired in Mexico last year has been successfully integrated into our portfolio and has contributed to our revenues and operating profits in 2022.
+ The Neol combined-heat-and-power project commenced operations in early 2023.
+ The San Patricio solar PV project secured a long-term power purchase agreement with the IMSA Group, a regional powerhouse in the sugar cane, sugar refining industry and one of the country's largest power producers, enabling us to enter Guatemala as a new market.

MPC Energy Solutions now has projects under development, construction, and operation in eight countries across Latin America and the Caribbean. As we continue to invest in our business expansion, targeting to significantly expand our asset footprint in the region, we are now generating income from our first projects, which will, in due course, lead to profitability on the group level as more assets become operational and deliver profits and cash flows to our Company.

DEVELOPMENT

Our current development backlog includes projects with installed capacity of nearly 500 MW across Colombia, Guatemala, Mexico, the Dominican Republic, Jamaica, and Puerto Rico, which we expect to achieve ready-to-build status over the next 12 to 24 months.

We are particularly proud of one of our most recent achievements: In early February of 2023, we signed a 16-year PPA with the IMSA Group in Guatemala. The project, in which we hold a 100% equity stake and which is expected to commence construction at the end of this year, will deliver around 135 GWh of electricity per year to the IMSA Group, which is the region's largest processer of sugar cane and refiner of sugar, with annual revenues exceeding USD 500 million. The long-term PPA will generate more than USD 120 million in revenues for MPCES over its lifetime.

CONSTRUCTION

During financial year 2022, five of our projects were in different phases of construction in Colombia, Puerto Rico, El Salvador and on the island of St. Kitts & Nevis. Two of these projects were completed and started operations in early 2023, and construction of the two projects in Colombia will be completed in the first and second quarter of this year, respectively.

In addition, construction began on a new 2.6 MW combined-heat-and-power plant in Puerto Rico, which, when completed, will supply electricity and cooling water to a subsidiary of US-conglomerate Johnson & Johnson. The project is expected to generate at least 13 GWh of energy over its lifetime, and additional off-taker agreements are supposed to be signed in the future to add to the plant's output.

OPERATIONAL PERFORMANCE

In 2022, we acquired a 15.8 MW solar PV plant in Mexico. In the first eleven months under our ownership, the project generated 28.1 GWh of energy, corresponding to USD 3.0 million in revenues. The project's EBITDA in 2022 was USD 2.2 million (EBITDA margin: 73%). In 2023, we expect the asset's performance to increase as we make technical improvements to the plant and attempt to optimize the cost structure. We also expect first cash back from this asset in 2023.

Furthermore, our company conducted energy trading activities in connection with its 12.3 MW solar PV plant Los Girasoles in Colombia. The plant was under construction in 2022, and energy trading was required to comply with the existing PPA signed with off-taker Spectrum. Between July and December 2022, we generated USD 0.6 million in revenues from energy trading, incurring a small loss and therefore negative EBITDA in the process given increased spot prices at the end of the year.

Overall, we are proud to report that MPCES recorded USD 3.6 million in revenues and USD 2.1 million in project level EBITDA in 2022 (EBITDA margin excluding energy trading result: 73%), marking the first year of revenue and profit generation in our young company's history.

OUTLOOK 2023 AND BEYOND: SCALING UP

Based on the foundation we have created since our IPO in 2021, we will now seek to scale our asset base with our existing organization and become a leading IPP in Latin America and the Caribbean.

Two more projects which are currently under construction in Colombia will become operational by the end of the second quarter of 2023. Our company will then have five operational assets, and we forecast revenues to increase significantly compared to 2022 (from USD 3.6 million to over USD 10 million). And in addition, we will continue to expand our development backlog significantly across the region, targeting to develop 800 MW to ready-to-build stage between now and the end of 2025. We make clean energy happen!

Along with this Annual Report we published our second ESG Report today. The ESG Report aims to furnish our stakeholders with a transparent overview and allow for further insights into our efforts on material topics. In order to become a sustainability leader within our field, we have placed a priority on creating sustainable value and measuring our impact on the natural environment and the communities where we operate. Details can be found in the ESG Report which is available on our website: www.mpc-energysolutions.com.

31 March 2023
The Management Board of MPC Energy Solutions N.V.

Martin Vogt
Chief Executive Officer

Stefan H.A. Meichsner
Chief Financial Officer

2022 RESULTS - SUMMARY

in million USD unless stated otherwise	2022	Q4	Q3	Q2	Q1	2021
Energy output (GWh, proportionate, as invoiced)	28.1	5.7	7.5	9.4	5.5	-
Average revenue per MWh (USD, power-producing assets only)	98	98	98	99	96	-
Revenue (proportionate)	3.6	1.1	1.0	1.0	0.5	-
EBITDA* (proportionate, project level)	2.1	0.5	0.5	0.8	0.3	-
EBITDA* (consolidated, group level)	(2.2)	(0.4)	(0.7)	(0.3)	(0.8)	(2.9)
Net income (consolidated, group level)	(5.6)	(2.1)	(1.7)	(0.5)	(1.3)	(2.7)
Earnings per share (EPS, basic and diluted, in USD)	(0.25)					(0.12)
Total assets	129.0	129.0	127.2	122.5	125.4	86.1
Equity	75.3	75.3	77.0	80.3	81.8	82.8
Equity ratio	58%	58%	61%	66%	65%	96%
Cash and cash equivalents	24.2	24.2	26.1	30.7	42.9	56.9
Cash flow from operations	(6.3)	(0.8)	(2.4)	(0.4)	(2.7)	(3.4)
Cash flow from investing activities	(38.4)	(2.5)	(5.4)	(11.2)	(19.3)	(25.6)
Cash flow from financing activities	12.3	1.5	3.3	(1.4)	8.9	85.9
FX differences	(0.4)	(0.3)	0.0	0.7	(0.8)	(0.3)
Total cash flow for the year	**(32.7)**	**(2.1)**	**(4.5)**	**(12.3)**	**(13.9)**	**56.5**

Note: Rounding differences may occur.

Consolidated EBITDA reconciliation, in million USD	2022	2021
Profit / loss before income tax (EBT)	(4.9)	(2.7)
Share of result in joint ventures	0.2	0.1
Financial income and expenses (incl. FX effects)	1.5	(0.2)
Amortization	1.0	-
Impairment charges	0.4	-
Gain from bargain purchases	(2.4)	-
Other income and expenses	1.0	-
EBITA*	**(3.2)**	**(2.9)**
Depreciation	1.0	(0.0)
EBITDA*	**(2.2)**	**(2.9)**

Note: Rounding differences may occur.
* For the definition of EBITDA and EBITA, please refer to our financial disclaimers and definitions made at the beginning of the annual report.

In the fiscal year 2022, climate-related matters did not impact judgements or assessments made when preparing the APMs and financial statements. In general, the increased focus of the global community to fight climate change and to develop and implement more sustainable solutions, including the transition to clean energy sources, improves the overall market opportunities and environment of the Group. For further information, please refer to our separately published 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

REPORT OF THE MANAGEMENT BOARD

MARKET OUTLOOK

Global Economic Outlook

The International Monetary Fund (IMF) concludes that global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia's invasion of Ukraine, and the lingering COVID-19 pandemic all weigh on the growth outlook. The IMF's global growth is forecasted to slow from 3.2% in 2022 to 2.7% in 2023.

The Renewable Energy Market

Investments in renewable energy and energy transition infrastructure, including capital deployment in different storage technologies, is expected to see continued growth in 2023 and in the years after, driven by rising costs and insecure supply chains for fossil-based alternatives as well as commitments and policies in many countries to contribute and achieve a net-zero future. Demand for clean and affordable energy is increasing, and conditions and frameworks for the industry are continuously improving. In addition, the need for securing long-term energy price stability is key to off-takers in the utility, commercial and industrial sector, which positively drives the market for (long-term) PPAs and competitive auctions.

The World Energy Outlook by the International Energy Agency (IEA) sees a shock of unprecedented breadth and complexity to the energy market, with oil and in particular gas prices experiencing significant increases and questions raised about the security of fossil-based fuel supply being raised. This development could act as a catalyst for faster action with regards to the transition to renewable energy sources and presents an opportunity for growth and jobs in the sector as a major driver for economic expansion. The IEA expects clean energy investments to nearly double by 2030, with emerging and developing economies seeing the largest increases from USD 200 billion in 2021 to USD 500 billion in 2030.

According to the IEA, investments in clean electricity and electrification, along with expanded and modernized grids, offer clear and cost-effective opportunities to cut emissions more rapidly while bringing electricity costs down. This will require manufacturing capacities for, among others, solar photovoltaic modules, electrolyzers and battery storage systems to be expanded. Carbon capture and storage projects also need to be advanced more rapidly.

To achieve net-zero by 2050, the IEA proclaims that, despite the significant expansion of renewables already underway and announced, 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. The Intergovernmental Panel on Climate Change (IPCC) highlighted in recent publications 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. This will involve a substantial reduction in fossil fuel use, widespread electrification, improved energy efficiency, and use of alternative fuels. A view widely supported by representatives from countries around the world during the COP27, which was held in Egypt in November 2022. During COP27, the need for collective action was once again emphasized, as combating climate change remains high on the agenda of the global community.

Market Dynamics in Latin America and the Caribbean

Following a strong recovery in 2021 and 2022, the IMF predicts economic growth to decelerate to 1.7% compared to 3.5% in 2022 in Latin America and the Caribbean. The slowdown will, according to the IMF, mainly be driven by tightening global financial conditions and measures taken to bring inflation back to long-term stability. Country-specific growth predictions remain, in part, substantially different from growth projection for the entire region.

Throughout Latin America and the Caribbean, various governments have set and maintain 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. Solar/photovoltaics will be the predominantly deployed technology given ample solar resources throughout the region.

We estimate overall opportunities in the region to exceed 45 GW of new renewable capacity to be installed until 2030, of which 28 GW supposed to come from solar PV alone. 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 these markets. In the Caribbean, the expansion plans are among the most ambitious, but not large in absolute 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

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

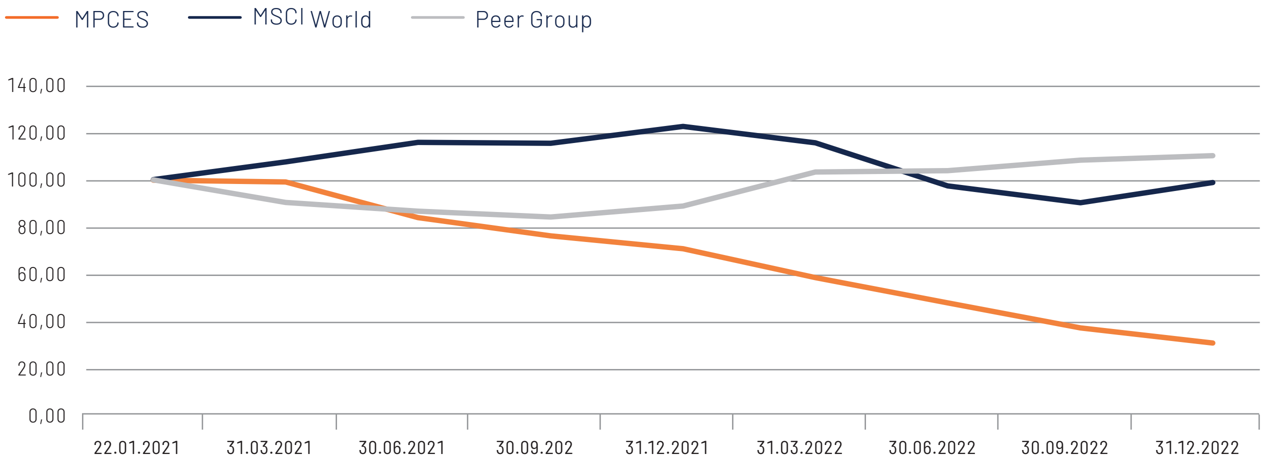
Potential negative effects include, without being limited to, higher transportation costs and delayed shipments, volatility in commodity prices and currencies, and cyberattacks. Potential positive impacts are mainly twofold. Firstly, the increase in energy prices (fossil fuels like oil and gas) have 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 we intend to close for several of our projects in the coming months.

The Management Board 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.

OUR STOCK

The Company's stock has been traded in the Growth Segment of the Oslo Stock Exchange since 22 January 2021 (Ticker: MPCES; ISIN: NL0015268814). The table below presents the indexed stock price and appropriate benchmark developments in 2022 (22 January 2021 = 100).

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



22 January 2021 = 100	31/03/21	30/06/21	30/09/21	31/12/21	31/03/22	30/06/22	30/09/22	31/12/22
MPC Energy Solutions	99	84	77	72	59	49	39	32
Peer Group	90	87	84	89	103	104	108	110
MSCI World	107	116	115	122	115	97	90	99

The values in the chart correspond to the values and dates shown in the table.

RISK FACTORS

The Group is exposed to a variety of risks which may or may not materialize and could potentially have an adverse effect on the Group business and prospects. It is considered practically impossible to generate risk-free profits systematically and sustainably, as risks are part of every company's business activity. Therefore, identifying and mitigating risks is among the most important entrepreneurial duties.

The Management Board aims to ensure that the Company has sound internal controls and systems for identifying, assessing and managing risks in an appropriate manner and in relation to the extent and nature of the Company's objectives and activities.

As part of its risk assessment, the Company determines an acceptable level of risk. Risks exceed the Group's risk appetite if:

+ 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 the Company's profitability;
+ They are potentially related to fraud.

The Group considers all known risks and takes appropriate actions to mitigate the potential impact. Fully mitigating a risk may not always be desirable, as the Company also takes opportunities associated with identified risks into account.

Market and Off-Taker Risk

MPCES generates the majority of its revenues by selling energy from its operating power plants to off-takers or the energy spot markets. Therefore, the Group's business, financial position, operating result and cash flows are affected by changes in energy prices or an off-taker's ability to meet obligations towards MPCES. As a result, market risk mainly relates to the development in energy prices, in the markets MPCES operates in, and from the credit risk associated with selling energy to particular off-takers under long-term power purchase agreements. There can be no assurance that all public, corporate and private off-takers meet their obligations towards MPCES. In addition, price volatility in the energy market or other events outside of the control of power purchasers may excuse off-takers from fulfilling their obligations.

MPCES attempts to mitigate these risks by careful due diligence during the pre-closing process for any power purchase agreement, and by monitoring the credit risks associated with individual off-takers on a continuous basis. In addition, diversification is a key mitigation factor to (a) reduce the dependence for income on an individual off-taker and (b) manage the risks associated with a specific energy market.

Further growth of the business will, despite the large development backlog MPCES has created, depend on several factors such as availability of new projects, governmental permits and approvals, access to competitive financing, price developments for alternative energy sources, as well as changes to the regulatory framework in the relevant markets the Company operates in.

Development, Construction and Operational Risk

MPCES develops, builds, owns and operates energy assets throughout Latin America and the Caribbean. As a full-cycle independent power producer (IPP), the Company is exposed to risks associated with the execution of the project development backlog, securing financing for projects, managing construction and completion of a project, and operating an asset for up to 30 years and more.

Development risk mainly originates from uncertainty with regards to successfully bringing a project to the ready-to-build stage. During this phase, land for the project needs to be secured, environmental impact assessments and grid connection studies need to be completed and permits from a variety of communal / municipal agencies and governmental bodies need to be obtained. Not all projects that MPCES starts developing will ultimately become construction-ready. To mitigate development risk, the Company employs a development team with extensive knowledge of how to successfully develop projects in the region. Additionally, MPCES carefully selects potential projects and conduct pre-assessments on relevant criteria. In addition, MPCES performs development activities in several countries simultaneously and further diversifies its development activities within a country to ensure that a project for which development cannot be continued is quickly replaced by a new opportunity from the pipeline.

Construction risk is related to building power plants within the anticipated time, budget and quality. Potential delays during construction can, for example, result from equipment delivery delays or unfavorable weather conditions. Planned capital expenditures for a project might increase during construction owing to delays, changes in material costs or the scope of a project, as well as from potential penalties when contractually agreed dates to delivery energy to an off-taker are not met on time. Quality risk is associated with potential losses from poor quality during construction. MPCES very closely manages all aspects of a project under construction. Construction progress, spending and quality is constantly monitored and reported to the senior management of the Company, allowing for quick responses to any arising risk. Contingencies are commonly factored into a project's time schedule and budget to pre-empt any issuance that might occur during the construction phase.

Operational risk is associated with the operational phase of a project, i.e. during the lifetime of a project after it has commenced commercial operations.

Operational risks include, without being limited to, adverse weather and resource volatility, mechanical breakdowns, spare part shortages, or failure to perform in accordance with specifications. While operational risks are usually insured by the Group through a third party, there is no assurance that all operational risks are borne by the insurer or that such parties will meet their obligations. In addition, the availability of insurance on commercially reasonable terms is not guaranteed for all projects.

Financial Risks

Throughout its business, the Company is exposed to currency risks, interest rate risks, credit risks, fraud risk and liquidity risks. Such financial risks have become more difficult to assess and predict since the invasion of Ukraine by Russia in early 2022 and during times of high inflation and rising interest rates. The effect of changes in key macroeconomic factors may have an impact on the Company's future cash flows.

The Company is exposed to currency risk when it conducts business activities in currencies different from its functional currency (USD). Currently, foreign currencies MPCES trades in include the Euro and Colombian Peso as well as the Mexican Peso and the Eastern Caribbean Dollar. Where appropriate and commercially viable, the Company might actively hedge the currency exposure. However, a significant majority of the Company's activities are conducted in USD, and both capital expenditure as well as income from power purchase agreements are predominantly denominated in USD, removing the currency risk altogether.

Interest rate risk is commonly related to debt financing for projects that include a variable base rate to determine the debt costs of a project. MPCES typically tries to remove such risks by either agreeing to fixed interest rates or by implementing interest rate swaps to fix variable rates. The decision of whether to mitigate and remove risk exposure to variable rates is done on a project-by-project basis. Since projects are commonly financed on a non-recourse basis, negative impacts on project level, should they occur, usually do not directly impact other areas of the Group's business activities.

Credit risk, as mentioned in the section Market and Off-Taker Risk, is associated with an off-taker or other contractual party to not meet its financial obligations to MPCES under existing agreements. Credit risk is assessed by the Company before such a contractual agreement is entered into, and credit risk is monitored throughout the business relationship.

We define fraud risk as the risk of suffering financial damage and loss from fraudulent payments, the misappropriation of funds, accounting and payroll fraud, among others. The Company has policies and processes in place that help prevent and detect fraud, among them guidelines stipulating limits of authority for signing and / or approving contracts, invoices, and payments. MPCES has implemented a strict four-eye principle,

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

conducts regular and ad-hoc reviews of internal approvals, closely monitors payments and generally limits access to areas and procedures with relatively high fraud risk potential in accordance with a need-to-know and need-to-access policy. In addition, external advisors are engaged to ensure compliance with laws and regulations, e.g. concerning tax and accounting.

Finally, liquidity risk describes the risk of MPCES running out of financial resources to fund its business and meet its obligations, be it only short-term or for a sustained period. The Management Board of MPCES closely monitors its liquidity and performs short-term and long-term liquidity planning both on a corporate level and project / portfolio level to identify and potential shortfalls and necessities for actions.

The Company acknowledges that not all financial risks can be mitigated or eliminated in full and therefore conducts systemic monitoring of any residual risks.

Regulatory, Political, Legislative and Legal Risks

The Company owns and operates assets in several jurisdictions throughout Latin America and the Caribbean, and the Group's business is subject to international and national laws and regulations applied by governments and governmental agencies. Such risks include, without being limited to, the ability to obtain licenses, permits, approvals, securing guarantees, changes to taxation and other laws and regulations. Regulatory bodies may exercise considerable discretion in matters of, for instance, interpreting and enforcing applicable laws, standards and regulations or restrict the transfer of capital to other countries.

Commercial practices as well as 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 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 (ESG) Risk

ESG risks relate to climate change impact mitigation and adaptation, environmental management practices, 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 and by ensuring sufficient internal resources, the Company assesses and manages these risks by implementing rigid internal guidelines and conducting regular trainings for its employees. The Company emphasizes a zero-tolerance for risks related to, for example, bribery, corruption, health, safety, and the environment, and is providing whistleblower channels to enable reporting of any matters violating the Company's policies as well as potential conflicts of the Company's activities with local laws and regulations.

Personnel Risk

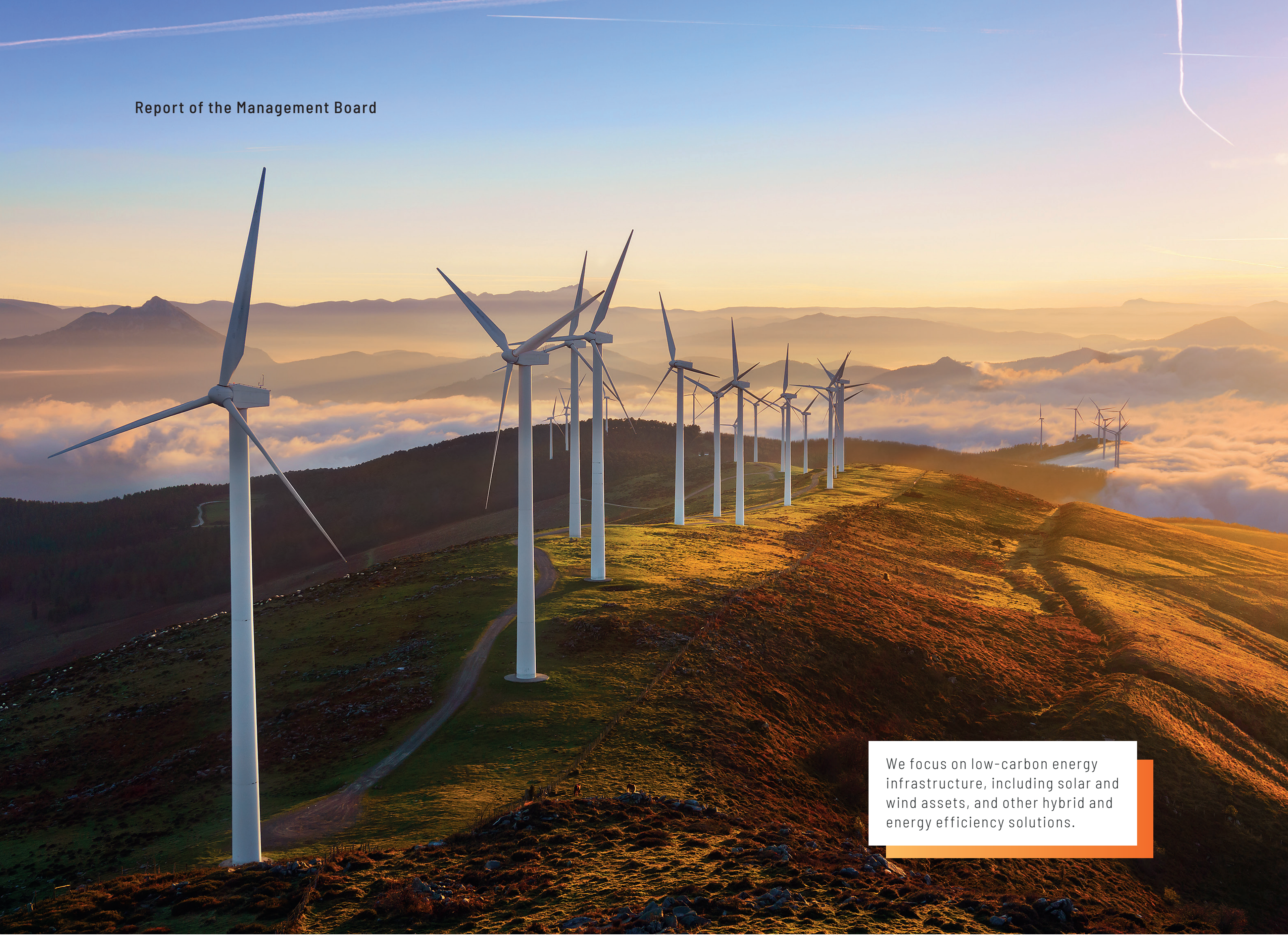
The continued progress of the Company depends heavily on the knowledge, experience, and network of key personnel as well as access to new talent. As such, MPCES only accepts a low-risk appetite with respect to personnel risks, i.e. the inability to hire and retain key talent. Personnel risk mitigation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

IT Risk

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, including cloud-based 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, mitigation costs, downtimes 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 regularly reviews its methodology of risk management 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 and encourages employees to actively contribute to the improvement of the Company's risk management system and policies.



FINANCIAL RESULTS

Energy Output

In 2022, MPCES generated proportionate 28.1 GWh (2021: nil) of energy. The output was produced by Los Santos I (Mexico), a solar PV plant the Company acquired in February of 2022.

Income Statement

In fiscal 2022, the Company generated revenues in the amount of USD 3.6 million (2021: nil). Cost of sales were USD 1.5 million (2021: nil). Personnel expenses of USD 1.6 million (2021: USD 0.9 million), other operating expenses of USD 2.7 million (2021: USD 2.0 million), and charges for depreciation, amortization and impairment of USD 2.4 million (2021: nil) resulted in an operating loss (EBIT) of USD 4.6 million (2021: also negative, USD 2.9 million) and a net loss of USD 5.6 million (2021: also negative, USD 2.7 million).

Financial Position

As of 31 December 2022, MPCES had non-current assets of USD 101.3 million and current assets of USD 27.7 million, including cash and cash equivalents of USD 24.2 million (31 December 2021: USD 28.9 million, USD 57.2 million and USD 56.9 million, respectively). The equity position was USD 75.3 million, with non-current liabilities USD 47.3 million and current liabilities of USD 6.3 million (31 December 2021: USD 82.8 million, USD 0.5 million and USD 2.9 million, respectively). The non-current liabilities mainly relate to non-recourse project finance debt for Los Santos I (Mexico) and Santa Rosa & Villa Sol (El Salvador).

Cash Flow

MPCES recorded negative operating cash flows of USD 6.3 million in fiscal year 2022 (2021: also negative, USD 3.4 million), as well as negative cash flows from investing activities of USD 38.4 million (2021: also negative, USD 25.6 million) and cash flows from financing activities in the amount of USD 12.3 million (2021: USD 85.9 million). Including effects from currency translations, the total negative cash flow in 2022 was USD 32.7 million (2021: positive, USD 56.5 million).

RESEARCH AND DEVELOPMENT

There were only limited research activities in the fiscal year 2022 related to market research and expenses for power price predictions in various countries.

Development activities related to renewable energy projects were mainly conducted in Colombia, Jamaica, and the Dominican Republic during the fiscal year 2022.

Please refer to the notes to the consolidated financial statements for further explanations on our accounting policies concerning research and development activities.

MANAGEMENT BOARD

As of 31 December 2022, 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

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

Assessing whether going concern is the correct presumption requires judgement by the Management Board on different matters concerning the Company's ability to continue its operations in the future. This judgement is based on the financial position of the Company, the Company's existing operational projects, projects under construction and project development backlog, business opportunities and financial projections. Since the Company is not yet generating positive cash flows, the uncertainty of maintaining sufficient liquidity to support the going concern assumption has been assessed. Based on internal financial projections and preparations made to secure additional funding from external sources (asset sales, equity and debt), as well as the fact that the Company has currently no long-term debt on corporate level, the Management Board currently sees no significant risk materializing from this uncertainty.

EVENTS AFTER THE REPORTING DATE

On 11 January 2023, the combined-heat-and-power plant Neol CHP LLC in Puerto Rico began commercial operations. The 3.4 MW installation is expected to generate around 26 GWh of energy per year, which it will sell under a long-term power purchase agreement to Neolpharma Inc. Following the delays experienced during construction, the project company and the off-taker agreed on a settlement payment to the off-taker in the amount of USD 350,000, which was made in February 2023.

On 6 February 2023, MPCES successfully commissioned its solar PV plants Santa Rosa & Villa Sol in El Salvador. The plant has an installed capacity of 21.3 MW and will supply energy to grid operator CAAES. The plant is expected to generate around 45 GWh of electricity every year.

On 16 February 2023, the Company announced its market entry into Guatemala after signing a 16-year power purchase agreement with the IMSA Group, the country's largest sugar cane producer and sugar refiner. MPCES will develop, build and operate a 65 MW solar PV plant on one of the off-taker's sites.

On 23 February 2023, the Company increased its shareholder loan to Parque Solar Planeta Rica SAS ESP (Colombia) by USD 1.2 million to fund construction until commercial operation begins. The co-shareholder of the project company provided a shareholder loan pro-rata to the amount invested by MPCES. The total investment the Company has provided to the project entity following this investment was USD 8.8 million.

On 7 March 2023, MPCES signed a subscription agreement which will make the Company a 95% shareholder to Enernet One CHP LLC (Puerto Rico), a project entity that will build, own and operate a 2.6 MW CHP plant in Puerto Rico. The plant is under construction and expected to start operations in 2024.

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

For the fiscal year 2022, we have prepared 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

RESPONSIBILITY STATEMENT

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 IFRS as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code, and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertaking 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.

31 March 2023
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."

CHANGE TO THE COMPOSITION OF THE SUPERVISORY BOARD

On 1 September 2022, Dr. Ignace Van Meenen, who had been a member of the Supervisory Board since the Company's initial public offering (IPO) in January 2022, stepped down from his role. Dr. John Benjamin Schroeder was appointed as a new member of the Supervisory Board on the same day.

GOVERNANCE

In fiscal year 2022, the Supervisory Board fully and unrestrictedly executed its rights following law, regulations, and rules of procedure. The Supervisory Board had five members and convened five times, while continuously monitoring and advising the Management Board of the Company.

The Management Board 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, and, in cases required by law, regulation or rules of procedure, the Supervisory Board 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 matters:

+ Shareholder loan, if required, for Planeta Rica (Colombia);
+ Shareholder loan, if required, to SOLEC Power (St. Kitts);
+ Finalization of proposed non-recourse project debt financing for Neol CHP (Puerto Rico);
+ Additional subscription to a convertible note issued by the Company's strategic partner Enernet Global (USA);
+ Overhead and development budget for the Group in 2023.

AUDIT OF THE FINANCIAL STATEMENTS

Ernst & Young Accountants LLP Netherlands (E&Y) was appointed the auditor of the Group's consolidated financial statements by resolution of the General Meeting on 23 June 2022 and mandated accordingly by the Supervisory Board.

E&Y audited the consolidated financial statements of the Group and the financial statements of the Company, including interim testing procedures to gain an understanding of the Company's processes, as well as the report prepared by the Management Board, and issued an unqualified audit opinion. The consolidated financial statements of the Group and the financial statements of the Company were prepared in accordance with IFRS as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. E&Y conducted the audit in accordance with Dutch Law and the Dutch Standard on Auditing. The full audit report prepared by E&Y for fiscal year 2022 was provided to all members of the Supervisory Board and enabled the Supervisory Board to fulfill 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. On 28 March 2023, following a detailed review and examination, the Supervisory Board approved the consolidated financial statements of the Group and the financial statements of the Company as well as the corresponding audit report for the year ended 31 December 2022.

31 March 2023
The Supervisory Board of MPC Energy Solutions N.V.

Ulf Holländer (Chairman)

Dr. John Benjamin Schroeder

Kathryn Baker

Ellen Hanetho

Kjell Roland

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

for the financial year ended 31 December
(before appropriation of results)

In USD	Notes	31.12.2022	31.12.2021
Intangible Assets	1	18,391,384	2,587,563
Property, plant and equipment	1, 2	57,239,622	10,494
Right-of-use assets	3	935,732	2,503,044
Investments in joint ventures	4	6,961,909	7,403,530
Financial assets	5	17,743,000	16,425,520
Non-current assets		**101,271,647**	**28,930,151**
Trade and other receivables	6	2,031,174	175,980
Prepayments and accrued income		92,147	94,406
Deferred tax assets	12	1,381,521	-
Cash and cash equivalents	7	24,174,964	56,915,951
Current assets		**27,679,806**	**57,186,337**
Total assets		**128,951,453**	**86,116,488**
Shareholder equity		75,178,861	82,773,575
Non-controlling interest		164,947	-
Equity	8	**75,343,808**	**82,773,575**
Project finance loans	10	40,356,707	-
Lease liabilities	11	1,107,155	492,154
Deferred tax liabilities	12	5,799,001	-
Non-current liabilities		**47,262,864**	**492,154**
Trade and other payables	13, 25	3,331,923	685,979
Project finance loans	10	2,505,782	-
Lease liabilities	11	55,668	2,010,890
Provisions	9	76,110	-
Accruals and deferred income		375,298	153,890
Current liabilities		**6,344,781**	**2,850,759**
Total equity and liabilities		**128,951,453**	**86,116,488**

Note: Rounding differences may occur.

Consolidated Income Statement

for the financial year ended 31 December

In USD	Notes	31.12.2022	31.12.2021
Revenue	14	3,626,230	-
Cost of sales	15	(1,532,463)	-
Employee expenses	16	(1,635,959)	(862,401)
Other operating expenses EBITDA	17, 25	(2,656,592)	(2,023,252)
Depreciation, amortization, and impairment charges	18	(2,415,128)	(1,821)
Operating income (EBIT)		**(4,613,912)**	**(2,887,474)**
Gain from bargain purchases	19	2,375,811	-
Financial result	20, 25	(963,028)	-
Financial result	21, 25	(1,459,576)	222,982
Share of result of joint ventures	22	(190,398)	(61,338)
Profit / loss before income tax		**(4,851,103)**	**(2,725,830)**
Income tax expenses	12, 23	(765,139)	-
Net profit / loss for the period		**(5,616,242)**	**(2,725,830)**
Attributable to common equity holders of the Company		(5,616,189)	(2,725,830)
Attributable to non-controlling interest		(53)	-
Weighted average shares outstanding	24	22,250,000	22,250,000
Basic EPS	24	(0.25)	(0.12)
Diluted EPS	24	(0.25)	(0.12)

Note: Rounding differences may occur.

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December

In USD	Note	31.12.2022	31.12.2021
Profit / loss for the period		**(5,616,242)**	**(2,725,830)**
Other comprehensive income that will not be reclassified to profit and loss in subsequent periods:subsequent periods:			
Foreign currency effects, net of taxes		(2,138,525)	(633,384)
Net gain / loss on equity instruments designated at fair value through other comprehensive income	5	160,000	-
Net other comprehensive income that will not be reclassified to profit and loss in subsequent periods, net of tax		**(1,978,525)**	**(633,384)**
Net other comprehensive income that may be reclassified to profit and loss in subsequent periods, net of tax		**-**	**-**
Other comprehensive income for the period, net of tax		**(1,978,525)**	**(633,384)**
Total comprehensive income for the period, net of tax		**(7,594,767)**	**(3,359,214)**
Attributable to common equity holders of the Company		(7,594,714)	(3,359,214)
Attributable to non-controlling interest		(53)	-

Note: Rounding differences may occur.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December

In USD	Share capital	Other capital reserves	Legal reserves	Retained losses	Total equity attributable to the equity holders of the Company	Non-controlling interest*	Total equity
Equity as of 1 January 2022	**2,728,700**	**81,658,201**	**1,989,305**	**(3,602,631)**	**82,773,575**	**-**	**82,773,575**
Profit/loss for the period	-	-	-	(5,616,189)	(5,616,189)	(53)	(5,616,242)
Reallocation of reserves	-	76,269	(76,269)	-	-	-	-
Other comprehensive income	-	-	(1,978,525)	-	(1,978,525)	-	(1,978,525)
Non-controlling interest arising from a business combination	-	-	-	-	-	165,000	165,000
Equity as of 31 December 2022	**2,728,700**	**81,734,470**	**(65,489)**	**(9,218,820)**	**75,178,861**	**164,947**	**75,343,808**

Note: Rounding differences may occur.

In USD	Share capital	Other capital re-serves	Legal reserves	Retained losses	Total equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
Equity as of 1 January 2021	**274,500**	**19,770**	**35,126**	**(876,801)**	**(547,405)**	**750**	**(546,655)**
Profit/loss for the period	-	-	-	(2,725,830)	86,683,531	-	(2,725,830)
Capital increase/decrease	2,454,200	84,229,331	-	-	86,683,531	(750)	86,682,781
Capital decrease asset acquisition	-	(3,337)	-	-	(3,337)	-	(3,337)
Reallocation of reserves	-	(2,587,563)	2,587,563	-	86,683,531	-	-
Other comprehensive income	-	-	(633,384)	-	(633,384)	-	(633,384)
Equity as of 31 December 2021	**2,728,700**	**81,658,201**	**1,989,305**	**(3,602,631)**	**82,773,575**	**-**	**82,773,575**

Note: Rounding differences may occur.

*Please also refer to our disclosure on business combination in the section on accounting policies in this report for details on the non-controlling interest reflected in the statement of changes in equity.

Consolidated Statement of Cash Flows

for the financial year ended 31 December

In USD	Notes	31.12.2022	31.12.2021
Profit / loss before income tax		(4,851,103)	(2,725,830)
Depreciation, amortization, and impairment charges	18	2,415,128	1,821
Gain from bargain purchases	19	(2,375,811)	(409,442)
Adjustments to working capital		(938,980)	(409,442)
- net changes in current assets		(1,852,935)	(217,284)
- net changes in current liabilities		913,955	(192,158)
Financial result (incl. share of result from joint ventures)	21	1,281,355	(161,644)
Interest received		128,529	471
Interest paid		(1,835,954)	(83,725)
Income tax paid		(81,704)	-
Cash flow from operating activities		**(6,258,540)**	**(3,378,352)**
Investments in property, plant and equipment	2	(28,389,369)	(337,463)
Land purchases	2, 3, 11	(2,091,951)	
Investments in intangible assets	1	(363,934)	(2,587,563)
Investments in right-of-use assets		-	(6,859)
Acquisition of subsidiaries, net of cash acquired	*	(6,113,531)	(2,500,000)
Investments in financial assets (equity instruments)		-	-
Investments in financial assets (debt instruments)		(1,453,007)	(12,545,945)
Investments in joint ventures		-	(8,342,169)
Cash flow from investment activities		**(38,411,792)**	**(25,645,083)**
Proceeds from issuance of share capital		-	2,454,200
Proceeds from the issuance of common shares		-	82,229,331
Proceeds from project finance loans	10	16,994,794	-
Repayment of project finance loans	10	(4,575,522)	-
Other net borrowing activities	25	-	(822,602)
Lease payments	11	(76,035)	-
Cash flow from financing activities		**12,343,237**	**85,860,929**
Net change in cash and cash equivalents		**(32,327,095)**	**58,837,494**
Effects of currency translation		(413,893)	(333,025)
Cash and cash equivalents at the beginning of the period		56,915,951	411,482
Cash and cash equivalents at the end of the period		**24,174,964**	**56,915,951**

Note: Rounding differences may occur.

* Please also refer to our disclosure on business combination in the section on accounting policies in this report for details on purchase prices paid for the acquisitions of subsidiaries.

Notes to the Consolidated Financial Statements

Company Profile

As an integrated full-cycle IPP, the principal activities of the Company and its subsidiaries are to develop, build, own and operate renewable energy projects. This includes, without being limited to, solar and wind farms, energy efficiency solutions and hybrid installations.

The registered and actual address of MPC Energy Solutions N.V. is Koningin Wilhelminaplein 1, 1062 HG Amsterdam, the Netherlands. The Company is registered at the Dutch chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020. MPCES has additional offices in Bogotá (Colombia) and Panama City (Panama).

Following a private placement of shares on 22 January 2021, the shares of the Company were listed in the Euronext Growth segment of the Oslo Stock Exchange.

Going concern

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

Assessing whether going concern is the correct presumption requires judgement by the Management Board on different matters concerning the Company's ability to continue its operations in the future. This judgement is based on the financial position of the Company, the Company's existing operational projects, projects under construction and project development backlog, business opportunities and financial projections. Since the Company is not yet generating positive cash flows, the uncertainty of maintaining sufficient liquidity to support the going concern assumption has been assessed. Based on internal financial projections and preparations made to secure additional funding from external sources (asset sales, equity and debt), as well as the fact that the Company has currently no long-term debt on corporate level, the Management Board currently sees no significant risk materializing from this uncertainty.

Reporting Period

The Company's financial year corresponds to the calendar year.

IFRS

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code.

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

The consolidated financial statements are presented in USD. All financial information presented in USD has been rounded to the nearest USD unless indicated otherwise.

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 European Union approval before the consolidated financial statements are issued.

New and amended standards as per 1 January 2022 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.

Group Structure and Consolidation

The consolidated financial statements comprise the financial statements of MPC Energy Solutions NV and its subsidiaries as of 31 December 2022. The assets and liabilities, expenditure and income shall be included in the consolidated financial statements for subsidiaries over which MPCES has control following the definitions and stipulations of IFRS. Control is normally assumed when the Group is exposed or has the right to variable returns from its investment in the respective entity and can affect those returns through its control of the respective entity.

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

1. The contractual arrangement with the other voting right holders of the entity;
2. Rights arising from other contractual arrangements; and
3. The Group's voting rights and potential voting rights.

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

The financial statements of the subsidiaries are prepared for the same reporting period as for the Company, using consistent accounting policies or adjusting the subsidiaries' financial statements where local accounting principles deviate from those stipulated by IFRS. 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 presented separately in the consolidated statement of comprehensive income and within equity of the consolidated statement of financial position. Non-controlling interests are presented separately from the Company's shareholders' equity.

List of Participating Interests

MPC Energy Solutions NV (Netherlands) is the head entity 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 following table:

Name of Entity	Country	Stake in Issued Capital	Consolidated?
MPCES Holding BV	Netherlands	100%	yes
MPC Energy Solutions Latin America Holdings II BV	Netherlands	100%	yes
MPC Energy Solutions Latin America Holdings SLU	Spain	100%	yes
MPC Energy Solutions Colombia SAS	Colombia	100%	yes
MPC Energy Solutions Panama SA	Panama	100%	yes
Bonilla Zelaya Ingenieros Constructores SA de CV	El Salvador	100%	yes
Los Santos I SAPI de CV	Mexico	100%	yes
Acacia Solar Park Ltd	Jamaica	100%	yes
Neol CHP LLC	Puerto Rico	95%	yes
Parque Solar Los Girasoles SAS ESP	Colombia	100%	yes
Parque Solar Matarredonda SAS ESP	Colombia	100%	yes

Parque Solar Pacandé SAS ESP	Colombia	100%	yes
Parque Solar Las Margaritas SAS ESP	Colombia	100%	yes
Parque Solar Planeta Rica SAS ESP	Colombia	50%	no
TAISOL SRL	Dominican Republic	51%	no
Leclanché (St. Kitts) Energy Holdings Ltd	Barbados	40%	no
Enernet Global Inc	United States	8%	no

TAISOL SRL, a project entity established together with the Company's development partner Soventix Caribbean in the Dominican Republic, has been categorized as a joint venture and not consolidated because the structure of the shareholders' agreement establishes joint control over the entity. The impact on the consolidated financial statements in case the entity would be consolidated is judged to be immaterial for financial year 2022 (total assets of TAISOL SRL as of 31 December 2022: USD 1,953).

Segment Information

As of 31 December 2022, the Group is organized in one operating segment only and does therefore not provide information for different segments. The Group is, as of the writing of this report, active in Latin America and the Caribbean.

Significant Judgement, Estimates and Assumptions

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

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

+ **Going concern:** Judgement has been applied to prepare the consolidated financial statements on a going concern basis. The judgement is based on the financial position of the Company, the Company's existing operational projects, projects under construction and project development backlog, business opportunities and financial projections. Since the Company is not yet generating positive cash flows, the uncertainty of maintaining sufficient liquidity to support the going concern assumption has been assessed. Based on internal financial projections and preparations made to secure additional funding from external sources (asset sales, equity and debt), as well as the fact that the Company has currently no long-term debt on corporate level, the Management Board currently sees no significant risk materializing from this uncertainty.

+ **Joint ventures:** A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have the 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 relevant activities that affect variable returns 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 parties, from making unilateral decisions about the relevant activities that affect variable returns without its consent. The judgement MPCES makes relates to determining whether it has control over an entity or not.

+ **Valuation of solar assets – annual impairment test:** As part of its year-end closing procedures, the Group conducts impairment tests on its solar assets, which are assessed on a cash-generating unit (CGU) level. A CGU may consist of a portfolio of solar assets. In cases where solar assets are not included in a CGU, a plant-by-plant assessment is performed. If an indicator for impairing the value of a solar asset is identified, a plant-specific assessment is always performed. IAS 36 has a list of external and internal indicators of impairment. Such indicators include, without being limited to, observable market value declines (including the value of the Company's own stock), negative changes in market conditions, laws and regulations, an increase in interest rates, and worse economic performance than expected. The recoverable amount of an individual solar asset or a CGU is determined by making judgements about future cash flow projections approved by the Management Board and judgement about the total lifetime of the respective solar assets. The projected cash flows are discounted with the weighted average cost of capital (WACC) applicable to the individual solar asset or solar asset portfolio. WACC are updated regularly by the Company. In financial year 2022, potential triggers for impairments were identified, among them the decline in market value of the Company, increasing interest rates and inflation, and analyzed in detail. Impairment tests were subsequently conducted and the Company concluded that none of its project assets were impaired.

+ **Valuation of equity instruments:** The value of an equity instrument is assessed by determining the fair value of the instrument. In financial year 2022, a fair value adjustment of USD 160,000 was made to the investment the Company has in Enernet Global Inc. (USA). Please refer to Note 5 for details.

+ **Valuation of debt instruments:** The Group regularly includes shareholder loans made to project entities and other structures that may qualify as debt instruments in its project financing structures. On a regular basis, but at least once every year, MPCES assesses the fair value of such instruments by discounting projected future cash flows identifiable for the respective debt instrument with a risk-adjusted discount rate. Projecting cash flows and determining discount rates require judgement.

+ **Valuation of derivatives:** Derivatives are financial instruments that get their value from fluctuations in the value of an underlying asset. Derivatives relevant for the Group currently only include call options on shares in project companies, for which the value is assessed using the Black-Scholes model for pricing options. The Black-Scholes model requires five variable inputs. These inputs are volatility, the price of the underlying asset, the strike price of the option, the time until expiration of the option, and the risk-free interest rate.

+ **Capitalization of development expenses and acquisition-related expenses:** In cases where specific criteria are met, the Group capitalized expenses related to the development of projects and / or to pre-acquisition expenses. The Group makes judgements about whether an expense meets the criteria for capitalization, which, among others, include the technical and commercial viability of a project and the probability about a project's ability to generate future economic benefits for the Group. Capitalized expenses for projects that are no longer considered viable are written off. In addition, the fair value of a viable project is assessed to determine whether capitalized expenses, even if future economic benefits are expected, need to be impaired.

+ **Purchase price allocations:** Acquisitions qualifying as business combinations require an allocation of the purchase price to the assets and liabilities of the acquired entity. This purchase price allocation requires judgements about future cash flows related to the acquired entity, risk-adjusted discount rates and other parameters that impact the result of the purchase price allocations and consolidated financial statements in the current and subsequent periods.

+ **Expected credit losses (ECL):** MPCES assesses receivables and other assets concerning their credit risks and expected losses on such receivables. For this purpose, MPCES looks at potential credit losses for (a) the next 12-months and (b) the lifetime of the respective receivable and uses projected lifetime cash flows, where applicable, and considers potential impairing events. The Company makes judgements both with regards to projected cash flows and potential impairing events.

+ **Land leases:** As part of its business, the Group may sign lease agreements and lease option agreements in the countries it operates in and may recognize related right-of-use assets and lease liabilities in its consolidated financial statements. The Group defines the tenor of a lease as the non-cancelable term of a lease and adds periods covered by options to extend a lease if it is reasonably certain that such an option will be exercised. The Group has several land lease agreements that include options to extend, terminate or purchase. Judgement is applied in evaluating whether it is reasonably certain, i.e. more likely than not, that an option to extend, terminate or purchase will be exercised in the future. For projects in early stages of development it is generally deemed uncertain. Only development projects in very advanced stages, i.e. close to qualifying as ready-to-build, are therefore assessed.

+ **Estimated useful life of energy assets:** The useful life of energy assets and individual components contained in a solar asset (e.g. photovoltaic modules, inverters, substructures) varies from project to project and is estimated to be between 15 years and 25 years, considering the respective asset's technology and physical wear and tear.

Impact of Climate Risk on Judgements

In the fiscal year 2022, climate-related matters did not impact judgements or assessments made when preparing the APMs and financial statements. In general, the increased focus of the global community to fight climate change and to develop and implement more sustainable solutions, including the transition to clean energy sources, improves the overall market opportunities and environment of the Group.

War in Ukraine

As the Company's business activities are focused in Latin America and the Caribbean, there is no immediate direct impact from the devastating war in Ukraine on our 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 shipments, volatility in commodity prices and currencies, and cyberattacks. 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 we intend to close for several of our projects in the coming months.

The Management Board 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.

ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND ANNUAL ACCOUNTS

Financial Statement Classification

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

Current assets are assets that are:

- Expected to be collected in the entities normal business cycle;
- Held primarily for the purpose of trading;
- Expected to be collected within twelve months after the reporting period; or
- Cash and cash equivalents

Current liabilities are liabilities that are:

- Expected to be settled in the entities normal business cycle;
- Held primarily for the purpose of trading;
- Due or expected to be settled within twelve months after the reporting period; or
- Not giving the Group an unconditional right to defer settlement beyond twelve months.

The current share of non-current assets and liabilities are classified as current. If a non-current asset becomes collectable or a non-current liability becomes payable, e.g. from a breach of contract, the respective asset or liability is classified as current.

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.

Joint Ventures and Associates

When assessing the correct way to incorporating an entity/investee into the consolidated financial statements, MPCES uses a three-step process. MPCES follows the guidance provided by IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements) and IAS 28 (Investments in Associates and Joint Ventures).

Step 1: Does MPCES control the investee?
MPCES determines whether it controls the investee, i.e. if the Company is exposed or has the 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 generally deems to exercise control if and only if all of the following elements are met:

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

Step 2: If MPCES does not have control over the investee, does the investee need to be accounted for as an associate or a joint venture?
To determine the classification as an associate or joint arrangement, MPCES assesses whether it has significant influence over the investee and/or jointly controls the investee.

If MPCES holds, directly or indirectly (e.g. through subsidiaries), 20% or more of the voting power of the investee, it is presumed that MPCES 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 MPCES 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.

Step 3: If the investee is accounted for as a joint arrangement, should it be accounted for as a joint operation or a joint venture?
Joint arrangements can be categorized as either a joint operation or a joint venture. Joint operations are accounted for by processing relative shares in assets, liabilities, income, and expenses. Joint ventures are incorporated into the consolidated financial statements following the equity method.

For the purpose of determining whether an investee qualifies as a joint operation or a joint venture, 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 controlling parties must have the rights to the net assets of the joint arrangement. In addition, the investee must be a separate legal entity, i.e. a separately identifiable financial structure. This legal entity should not depend on the parties for settling its liabilities on a continued basis.

The Group's investments in its associates and joints ventures 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 respective associate or joint venture since the acquisition date. Goodwill relating to an 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
The functional currency is the currency of the primary economic environment in which an entity operates. That means revenues, expenses as well as other financial benefits and obligations are predominantly denominated in the functional currency.

The consolidated financial statements of MPCES are presented in USD, which is the functional and presentation currency of the Company and most if its subsidiaries.

Foreign currency translation
In accordance with IAS 21 (The Effects of Changes in Foreign Exchange Rates), amounts consolidated from subsidiaries which have a different functional currency are translated into the functional currency using the exchange rates as of the balance sheet date. A related translation impact is recorded within the other comprehensive income (OCI).

Share capital (and any related share premium or additional paid-in capital) that is issued in a currency different from the functional currency is translated at the exchange rate as of the closing date. The yearly effect of retranslations are recorded in the other reserves of the equity.

Foreign exchange gains or losses resulting from the settlement of monetary transactions denominated in currencies different from the functional currencies are recognized on 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 FOR THE VALUATION OF ASSETS AND LIABILITIES

Fair Value Measurements

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.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's Management Board determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations. External valuers are involved for valuation of particular assets and circumstances, such as purchase price allocations or impairment tests. Selection criteria for engaging external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Management Board decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management Board analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management Board verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Goodwill

Goodwill is measured as the sum of the value of the consideration paid in an acquisition to the seller and the amount of any non-controlling interest, less the fair value of identifiable assets acquired and the liabilities assumed.

If the result difference is negative, the resulting gain is recorded as a bargain purchase through profit and loss, provided that the measurement of the bargain purchase appropriately reflects all available information.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Bargain Purchase

Bargain purchases occur if the acquisition date amounts of the identifiable net assets acquired, excluding goodwill, exceed the sum of (a) the value of consideration transferred, (b) the value of any non-controlling interest in the acquiree, and (c) the fair value of any previously held equity interest in the acquiree. IFRS requires the recognition of a gain for a bargain purchase as this represents an economic gain which should be immediately recognized by the acquirer in earnings. When a bargain purchase gain is recognized in a business combination, no goodwill is recognized.

If a bargain purchase is initially identified, the acquirer should reassess whether all assets acquired and liabilities assumed have been identified and recognized, including any additional assets and liabilities not previously identified or recognized in the acquisition accounting. The objective of such a reassessment is to ensure that the measurements used to determine a bargain purchase gain reflect all available information as of the acquisition date. The acquirer should also consider whether there are any preexisting relationships that were settled as part of the business combination. If, after this review, a bargain purchase is still indicated, it should be recognized in earnings and attributed to the acquirer.

IFRS requires disclosure of the amount of the gain, the line item where the gain is recognized, and a description of the reasons why the transaction resulted in a bargain purchase gain.

Intangible Assets

Expenses relating to project development activities are capitalized as intangible assets with infinite lives to the extent that the project is, among other criteria, technically and commercially viable and likely to generate future economic benefits. Projects under development 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 factors.

Following initial recognition of the development expenditure as an intangible asset, the asset is carried at cost less any accumulated impairment losses. Amortization of the intangible asset begins when construction of a project is complete and the project enters the operational phase.

Property, Plant and Equipment (PP&E)

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 during 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. An assessment of whether borrowing costs qualify for capitalization is done on a project-by-project basis.

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 and loss in the period the item is de-recognized.

Financial Assets

Financial assets include, without being limited to, assets such as equity instruments, debt instruments, trade receivables, cash and cash equivalents, and financial derivatives. 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. For the purpose of subsequent measurement, financial assets are classified in three categories:

+ Financial assets at amortized costs;
+ Financial assets designated at fair value through OCI (equity instruments);
+ Financial assets at fair value through profit and loss.

Financial assets at amortized costs
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 rate (EIR) method and are subject to impairment assessment. Gains and losses are recognized in profit and 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 OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI 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 and loss. Dividends are recognized as financial income in the statement of profit and 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 OCI. Equity instruments designated at fair value through OCI 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 and 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 and loss. This category includes derivative instruments and debt investments which do not pass the contractual cash flow characteristics test (SPPI Test).

Impairment of financial assets
At each reporting date, the Group assesses if objective evidence exists that a financial asset or a group of financial assets is impaired. The assessment takes forward-looking information and projected cash flows into account.

For trade and other receivables, the Group applies the simplified approach to provide for lifetime expected credit losses (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.

For certain financial assets for which the simplified approach cannot be used, IFRS 7 (Financial Instruments: Disclosures) 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 assets that are classified as loans. 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.

ECL are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL 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).

IFRS considers 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 asset. 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.

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 (a) the rights to receive cash flows from the financial asset have expired or (b) the Group has transferred the rights to receive cash flows from the financial asset or (c) has assumed an obligation to pay the received cash flows in full without material delay to a third-party (pass-through agreement). Such transfer should then also include a transfer of all risks associated with the financial asset or a transfer of control of the financial asset.

Right-of-Use Assets and Leasing Liabilities

In accordance with IFRS 16 (Leases), a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the lessee.

Upon lease commencement, a lessee recognizes a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement, and restoration obligations. After lease commencement, a lessee shall measure the right-of-use asset using a cost model. Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate. The lease term is thereby defined as the non-cancellable period for which a lessee has the right to use an underlying asset, plus periods covered by an extension option if exercise of that option by the lessee is reasonably certain. The lessee's incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The lease liability is subsequently remeasured to reflect changes in:

+ The lease term;
+ The assessment of a purchase option;
+ Future lease payments resulting from a change in an index or a rate used to determine those payments.

The remeasurements are treated as adjustments to the right-of-use asset.

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.

Business Combinations / Acquisitions

The Group applies the guidance provided by IFRS 3 (Business Combinations) when accounting for business in which it has obtained control through 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. IFRS 3 sets out the principles on the recognition and measurement of acquired assets and liabilities, the determination of goodwill and the necessary disclosures.

The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, MPCES elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

The application of IFRS follows a two-step process:

1. Determining whether a transaction meets the criteria of a business combination;

2. Assessing and applying the procedures stipulated by the acquisition method.

Determining whether a transaction meets the criteria of a business combination
MPCES conducts a test that helps determine whether a transaction / an acquisition constitutes a business combination under IFRS. The transaction must involve the acquisition of a business, and a business generally consists of three elements:

1. Inputs: An economic resource (e.g. non-current assets, intellectual property) that creates outputs when one or more processes are applied to it.

2. Process: A system, standard, protocol, convention or rule that when applied to an input or inputs, creates outputs (e.g. strategic management, operational processes, resource management).

3. Outputs: The result of inputs and processes applied to those inputs.

MPCES determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Assessing and applying the procedures stipulated by the acquisition method
MPCES used the acquisition method for all business combinations. The Company applies four steps:

1. Identify the acquirer (commonly an entity of the Group);

2. Determine the acquisition date (commonly the date of closing the transaction);

3. Recognize and measure the identifiable assets acquired, liabilities assumed and any on-controlling interest in the acquired business;

4. Recognize and measure goodwill or a gain from a bargain purchase.

Subsequently, the purchase price paid is allocated to the assets acquired and liabilities assumed (purchase price allocation).

In 2022, the Company made two acquisition which it categorized as business combinations and subsequently applied the acquisition method for: Los Santos I SAPI de CV (acquired on 4 February 2022) and Neol CHP LLC (acquired on 29 March 2022). Details on the acquisitions and results of the conducted purchase price allocation can be found below and in the respective notes to the consolidated financial statements.

	Los Santos I SAPI de CV	Neol CHP LLC
Description	15.8 MW solar PV plant in Mexico	3.4 MW CHP plant in Puerto Rico
Acquisition date	04 February 2022	29 March 2022
Total investment (purchase price and capital contribution)	USD 4,564,581	USD 2,955,795
Percentage of equity interest	100%	95%
Other shareholders	n/a	Enernet Global Inc. (5%)
Type of transaction	cash payment	cash payment to previous owners (33% of total investment, equal to USD 3.0 million, of which approx. USD 0.5 million were held in escrow as of 31.12.2022). Simultaneously, the Company made a capital contribution (67% of total investment, equal to USD 6.0 million) to repay the project company's non-current liabilities
Primary reason for acquisitions	enlarge the portfolio of low-carbon energy infrastructure in Central	upside form additional income through extension of the existing power purchase agreement
Total revenue of the entity in financial year 2022	USD 3,250,063	nil
Revenue included in the consolidated financial statements	USD 3,044,808	nil
Net loss of the entity in financial year 2022	USD 645,399	USD 1,052
Net loss included in the consolidated financial statements	USD 656,905	USD 1,052

in million USD	04.02.2022 (Group)	Purchase price allocation	04.02.2022 (entity)
Purchase price allocation for Los Santos I SAPI de CV (Mexico)			
Intangible assets	15.5	15.5	-
Property, plant and equipment	19.6	2.3	17.3
Current assets	0.5	-	0.5
Cash and cash equivalents	1.4	-	1.4
Total assets	**37.1**	**17.8**	**19.3**
Non-current liabilities	26.4	(0.4)	26.8
Current liabilities	0.5	-	0.5
Deferred tax liabilities	5.5	5.5	-
Total liabilities	**32.4**	**5.1**	**27.3**
Net assets acquired	**4.7**		**(8.1)**
Book value of net assets			(8.1)
Total fair value adjustment			18.2
Deferred taxes (net)			(5.5)
Accounting adjustment (recognition of a deferred tax asset)			2.2
Fair value of net assets acquired			**6.8**
Purchase price paid (100%)			(4.6)
Gain from a bargain purchase (100%)			**2.2**

Note: Rounding differences may occur.

A gain from a bargain purchase in the amount of USD 2.2 million is considered in the consolidated group financial statements. Please refer to Note 19 for details, where detailed explanations are included.

in million USD	29.03.2022 (Group)	Purchase price allocation	29.03.2022 (entity)
Purchase price allocation for Neol CHP LLC (Puerto Rico)			
Intangible assets	1.3	1.3	-
Property, plant and equipment	7.9	-	7.9
Current assets	-	-	-
Cash and cash equivalents	-	-	-
Total assets	**9.2**	**1.3**	**7.9**
Non-current liabilities	3.8	-	3.8
Current liabilities	1.6	-	1.6
Deferred tax liabilities	0.5	0.5	-
Total liabilities	**5.9**	**0.5**	**5.4**
Net assets acquired	**3.3**	**-**	**2.5**
Book value of net assets			8.5
Total fair value adjustment			1.3
Deferred taxes, net			(0.5)
Fair value of net assets acquired			**3.3**
Fair value of equity acquired			(3.0)
Fair value of non-controlling interest			(0.2)
Gain from a bargain purchase (95%)			**0.1**

Note: Rounding differences may occur.

A gain from a bargain purchase in the amount of USD 0.1 million is considered in the consolidated group financial statements. Please refer to Note 19 for details, where detailed explanations are included.

In USD	Total
Purchase price paid for shares acquired of Los Santos I SAPI de CV, Mexico	4,564,581
Purchase price paid for shares acquired of Neol CHP LLC, Puerto Rico	2,955,795
Total purchase prices paid in 2022	**7,520,376**
Cash acquired	(1,406,845)
Total purchase prices paid in 2022 net of cash acquired	**6,113,531**

Impairment Testing

Non-current assets are assessed for impairment indicators in each reporting period. IAS 36 has a list of external and internal indicators of impairment. Such indicators include, without being limited to, observable market value declines (including the value of the Company's own stock), negative changes in market conditions, laws and regulations, an increase in interest rates, and worse economic performance than expected.

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 risk-adjusted discount rate that reflects current market environment.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs 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 ECL. For trade and other receivables, the Group applies the simplified approach to provide for lifetime ECL in accordance with IFRS 9 (Financial Instruments). The nominal amount is considered to approximate the amortized cost method due to the short maturity of the receivables. No significant ECL have been recognized in 2022.

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 as of the balance sheet date.

Provisions and Contingent Liabilities

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.

Contingent liabilities are possible obligations that depend on whether some uncertain future events occur, or a present obligation exists but payment is not probable, or the amount cannot be measured reliably. Since there is common ground with regards to liabilities that are uncertain, contingent liabilities should not be recognized but disclosed (unless the possibility of an outflow of economic resources is remote).

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 are derecognized when the obligation under the liability is discharged, cancelled or expires. Trade payables are non-interest bearing and are normally settled within 60 days.

Financial Liabilities

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

For the purpose of subsequent measurement, financial assets are classified in two categories:

1. Financial liabilities at amortized costs;

2. Financial liabilities at fair value through profit and loss:

Financial liabilities at amortized cost
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit and 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 and loss.

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

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Revenues

IFRS 15 (Revenue from Contracts with Customers) specifies how and when a company recognizes its revenue. Revenue is income arising in the course of a company's ordinary activities and is recognized when or as the company satisfies its performance obligations under a contract with a customer.

The Group recognizes revenues related to the sale of energy at the time the energy is provided to the off-taker and invoices the sale of energy as stipulated in the respective power purchase agreement with the off-taker.

Operating Expenses (incl. Employee Expenses)

Operating expenses, including employee expenses such as salaries, are accounted for on an accrual basis. Expenses are charged to the income statement, except for those that are capitalized. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

Depreciation and Amortization

Depreciation and Amortization are calculated on a straight-line basis over the estimated useful lives of the respective assets, which range from 5 years to 30 years.

+ Office equipment: 5 years
+ Energy plants and equipment: 15 to 25 years
+ Leases: 25 years

Financial Income and Expenses (incl. Results from Joint Ventures)

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.

Results from joint ventures are recognized based on the equity method. Under the equity method, the investment is initially recorded at historical cost, and adjustments are made to the value based on the investor's percentage ownership in net income, loss, and dividend payouts. Net income of the investee company increases the Company's asset value on its balance sheet, while the investee's loss or dividend payout decreases it.

Taxes

Current income taxes
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.

Deferred taxes

Deferred taxes are reflecting 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. 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 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 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. 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.

Deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI 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 and 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.

Earnings per Share (EPS)

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS are calculated by dividing the net profit / loss 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 EPS are calculated by dividing the net profit / loss 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 Financial Position

1. INTANGIBLE ASSETS

In USD	31.12.2022	31.12.2021
Capitalized development expenses	2,511,294	2,587,563
Power purchase agreements	15,880,090	-
Total intangible assets	**18,391,384**	**2,587.563**

In USD	Total
Carrying amount as of 1 January 2022	2,587,563
Additions (acquisitions)	16,896,788
Additions (other)	363,964
Amortization	(1,016,728)
Impairment charges	(440,203)
Carrying amount as of 31 December 2022	**18,391,384**

In USD	Total
Carrying amount as of 1 January 2021	312,587
Additions	2,274,976
Amortization	-
Carrying amount as of 31 December 2021	**2,587,563**

In the annual report for fiscal year 2021, capitalized development expenses - such as costs for interconnection studies, environmental impact assessments, and expenses related to obtaining permits - were classified as PP&E. We have reallocated these items as intangible assets and removed them from PP&E. For additional information on the accounting treatment, please refer to the section on accounting principles.

Capitalized development expenses are associated with projects that are being actively developed by the Group and that are in different stages of the project lifecycle. In fiscal year 2022, the Group impaired USD 0.4 million in relation to a project in Honduras which was abandoned during the year. No capitalized expenses related to the project are carried on the balance sheet as of 31.12.2022.

Please refer to the Group's accounting principles for additional information on our accounting treatment with regards to capitalizing development expenses.

On 4 February 2022, MPCES acquired 100% of the shares in Los Santos I SAPI de CV, a 15.8 MW solar PV plant in Mexico. And on 29 March 2022, MPCES acquired 95% of the shares in Neol CHP LLC, a 3.4 MW combined heat and power plant in Puerto Rico. Following the acquisitions, the Company conducted a purchase price allocation for both entities in accordance with IFRS. The recording of the results on the consolidated balance sheet led to a recognition of intangible assets in the amount of USD 15.8 million relating to the fair value of the long-term power purchase agreements the project entity has in place with several off-takers. The assets will be amortized over the lifetime of the respective contractual tenors.

2. PROPERTY, PLANT AND EQUIPMENT

In USD	31.12.2022	31.12.2021
Office equipment	33,717	10,494
Energy assets and related equipment	57,205,905	-
Total property, plant and equipment	**57,239,622**	**10,494**

In USD	Total
Carrying amount as of 1 January 2022	10,494
Additions (acquisitions)	27,735,766
Additions (other)	30,481,320
Depreciation	(987,958)
Carrying amount as of 31 December 2022	**57,239,622**

In USD	Total
Carrying amount as of 1 January 2021	4,047
Additions	8,268
Depreciation	(1,821)
Carrying amount as of 31 December 2021	**10,494**

Property, plant and equipment assets mainly include investments in non-current assets for energy projects such as solar modules, power generators, inverters, cabling, support structures, substations, transmission lines. The Company invested in such assets in 2022, leading to the increase in the value of property, plant and equipment in the financial position.

In 2021, property, plant and equipment only included office equipment.

In the annual report for fiscal year 2021, capitalized development expenses - such as costs for interconnection studies, environmental impact assessments, and expenses related to obtaining permits - were classified as PP&E. We have reallocated these items as intangible assets and removed them from PP&E. For additional information on the accounting treatment, please refer to the section on accounting principles.

During the construction phase of its projects, the Company commonly makes down payments to general contractors and suppliers for services and equipment. In cases where the services and suppliers related to such down payments are pending to be delivered, the Company recognized the investments as prepayments, which are subsequently mostly recognized as part of property, plant and equipment. As of 31 December 2022, the prepayments relate to the Company's construction activities for Parque Solar Los Girasoles SAS ESP (Colombia) and Bonilla Zelaya Ingenieros Constructores SA de CV (El Salvador).

3. RIGHT-OF-USE ASSETS

In USD	31.12.2022	31.12.2021
Land lease	906,173	2,503,044
Vehicle lease	29,560	-
Total right-of-use assets	**935,732**	**2,503,044**

In USD	Total
Carrying amount as of 1 January 2022	2,503,044
Additions	574,879
Reductions (also refer to Note 11)	(2,091,951)
Amortization	(50,239)
Carrying amount as of 31 December 2022	**935,732**

In USD	Total
Carrying amount as of 1 January 2021	26,285
Additions	2,509,903
Amortization	(33,144)
Carrying amount as of 31 December 2021	**2,503,044**

Right-of-use assets from lease agreements the Group has in place relate to projects in Colombia, El Salvador and Mexico. Lease contracts for projects generally have lease terms between 20 and 40 years, provided options to enter a long-term lease in the first place are exercised. Lease contracts often include extension and termination options and sometimes variable lease payments. Corresponding lease liabilities are also recognized.

In 2022, the Company decided to purchase land related to its solar PV plants in El Salvador. The purchase was made through the project company Bonilla Zelaya Ingenieros Constructores SA de CV. The reduction in right-of-use-assets during the financial year as shown above is mainly related to this purchase since the original leasing contract is no longer in effect. The land purchase is included as an addition to property, plant and equipment (refer to Note 3).

Please refer to the Group's accounting policy on leases for additional information on our accounting treatment of lease contracts. Please also refer to Note 11 on lease liabilities.

4. INVESTMENTS IN JOINT VENTURES

In USD	31.12.2022	31.12.2021
Parque Solar Planeta Rica SAS ESP, Colombia	1,693,848	2,203,530
Leclanché (St. Kitts) Energy Holdings Ltd, Barbados	5,268,061	5,200,000
Total investments in joint ventures	**6,961,909**	**7,403,530**

In USD	Total
Carrying amount as of 1 January 2022	7,403,530
Additions	-
Result of joint ventures (incl. exchange rate effects)	(521,621)
Amortization of day-one fair value adjustment	80,000
Carrying amount as of 31 December 2022	**6,961,909**

In USD	Total
Carrying amount as of 1 January 2021	–
Additions	8,264,868
Day-one value adjustment	(800,000)
Result of joint ventures	(61,338)
Carrying amount as of 31 December 2021	**7,403,530**

Parque Solar Planeta Rica SAS ESP, a 26.6 MW solar PV plant in Colombia which is co-owned with French developer Akuo Energy, is currently under construction and will commence operations in 2023. This project has secured long-term PPAs with local distribution Company Celsia SA. A 50% common equity stake in the entity was acquired by MPCES on 09.08.2021 by way of a common equity contribution in Colombian Peso (COP).

Leclanché (St. Kitts) Energy Holdings Ltd (Barbados) is a holding Company that will own 50% of the common 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 SA (Switzerland). A 40% common equity stake in the holding was acquired by MPCES on 23.12.2021 by way of a common and preferred equity contribution in USD, the latter of which was classified as a debt instrument under IFRS and recognized accordingly. The Company has a call option for an additional 13.3% stake in Leclanché (St. Kitts) Energy Holdings Ltd. This option can earliest be executed two years after commercial operations of the plant related to the entity. The shares that MPCES can acquire would be valued at the lower of (a) the fair value of the shares and (b) USD 1.4 million. The Company analyzed triggers for impairment during financial year 2022 and, after careful analysis, concluded that no impairment was required for the instruments related to its joint venture with Leclanché. The day-one value adjustment is amortized over ten years, leading to an annual gain (write-up) of USD 0.1 million, which is recognized through profit and loss.

In USD	31.12.2022	31.12.2021
Summarized financial position and income statement Parque Solar Planeta Rica SAS ESP		
Non-current assets	18,793,846	3,487,628
Current assets	932,122	7,344,770
Non-current liabilities	16,022,662	6,063,532
Current liabilities	315,609	361,806
Equity	**3,387,698**	**4,407,060**
Group's share in equity (representing 50%)	1,693,849	2,203,530
Goodwill	–	–
Group's carrying amount of the investment	**1,693,849**	**2,203,530**
Income	–	–
Expenses	(356,918)	(122,676)
Net income/loss	(356,918)	(122,676)
Group's share of the net income/loss (representing 50%)	**(178,459)**	**(61,338)**
Exchange rate effects on profit and loss	(331,223)	–
Total Group's share of the net income/loss	**(509,682)**	–

In USD	31.12.2022	31.12.2021
Summarized financial position and income statement Leclanché (St. Kitts) Energy Holdings Ltd		
Non-current assets	22,213,488	22,213,488
Current assets	86,564	1,750
Non-current liabilities	7,294,200	7,207,688
Current liabilities	35,700	7,550
Equity	**14,970,152**	**15,000,000**
Group's share in equity (representing 40%)	5,988,061	6,000,000
Day-one fair value adjustment	(800,000)	(800,000)
Amortization of day-one fair value adjustment	80,000	-
Group's carrying amount of the investment	**5,268,061**	**5,200,000**
Income	-	-
Expenses	(29,848)	-
Net income/loss	(29,848)	-
Group's share of the net income/loss (representing 40%)	**(11,939)**	**-**

5. FINANCIAL FIXED ASSETS

In USD	31.12.2022	31.12.2021
Equity instruments	3,160,000	3,000,000
Debt instruments	14,183,000	13,025,520
Derivatives	400,000	400,000
Total financial fixed assets	**17,743,000**	**16,425,520**

In USD	31.12.2022	31.12.2021
Equity instruments		
Enernet Global Inc, USA	3,160,000	3,000,000

In USD	31.12.2022	31.12.2021
Debt instrument at amortized costs		
Parque Solar Planeta Rica SAS ESP, Colombia (shareholder loan)	4,933,812	5,325,520
Enernet Global Inc., USA (convertible note)	1,456,252	-
TAISOL SRL, Dominican Republic (shareholder loan)	92,936	-
Total	**6,483,000**	**5,325,520**

In USD	31.12.2022	31.12.2021
Debt instrument at fair value through profit and loss		
Leclanché (St. Kitts) Energy Holdings Ltd, Barbados (preferred equity)	8,100,000	7,700,000

In USD	31.12.2022	31.12.2021
Derivatives not designated as hedging instruments at fair value through profit and loss		
Leclanché (St. Kitts) Energy Holdings Ltd, Barbados (call option)	–	400,000

A sensitivity analysis, for which we used Level 3 inputs (IFRS 13) was performed to assess the fair value of the debt instrument at fair value through profit and loss and the derivatives not designed as hedging instrument at fair value through profit and loss.

In USD	Total
Carrying amount as of 1 January 2022	16,425,520
Additions equity instruments	–
Additions debt instruments (incl. accrued interest)	1,549,259
Additions derivatives	–
Value adjustment equity instruments (incl. exchange rate impacts)	160,000
Value adjustment of debt instruments (incl. exchange rate impacts)	8,221
Value adjustment of derivatives (incl. exchange rate impacts)	(400,000)
Carrying amount as of 31 December 2022	**17,743,000**

In USD	Total
Carrying amount as of 1 January 2021	500,000
Additions equity instruments	2,500,000
Additions debt instruments (incl. interest)	13,025,520
Additions derivatives	400,000
Value adjustment equity instruments (incl. exchange rate impacts)	–
Value adjustment of debt instruments (incl. exchange rate impacts)	–
Value adjustment of derivatives (incl. exchange rate impacts)	–
Carrying amount as of 31 December 2021	**16,425,520**

Equity instruments relate to an equity stake acquired by MPCES in Enernet Global Inc (Enernet) by way of common equity contribution made in 2020 and 2021. Enernet is a US-based energy service provided that develops, builds, owns and operates microgrid installations. Enernet also develops proprietary software to design and operate these microgrids and provide Energy as a Services (EaaS). Enernet focuses on power solutions for sectors that include mining, commercial and industrial, remote communities, agriculture, utilities and hospitality. As of 31.12.2022, MPCES owned an equity stake of 7.9% in Enernet. In addition, the Company and Enernet Global have agreed on a strategic partnership with a focus on project / asset development, giving MPCES rights-of-first-refusal to projects developed (and built) by Enernet.

In accordance with the fair value hierarchy defined by IFRS 13, the fair value of the Company's equity investment in Enernet is based on level 3 inputs. The main non-observable market input for assessing the fair value of the equity instrument classified as level 3 is information available to us on current projects in operation, construction, contracted and awarded to Enernet. An increase or decrease will have a direct proportional impact on the fair value of the investment. The fair value adjustment in financial year 2022 had a positive effect of USD 160,000 on the other comprehensive income of the Company.

The Group provided shareholder loans and other funding qualifying as debt instruments under IFRS to Parque Solar Planeta Rica SAS ESP (Colombia) and Leclanché (St. Kitts) Energy Holdings Ltd (Barbados). In addition, MPCES subscribed to a convertible note issued by Enernet (see above).

The shareholder loan to Parque Solar Planeta Rica SAS ESP is a subordinated loan facility of MPC Energy Solutions Latin America Holdings SLU with a principal amount COP 20,718,010,340, which also reflect the maximum loan risk exposure for the Group. The loan was made on 09.08.2021. The annual interest rate is 10%. Principal and interest will be repaid to MPCES based on a flexible schedule and depends on the cash available to make principal and interest payments. Unpaid interest is accrued. The shareholder loan is intended to mature on 31 March 2036, but since the shareholder loan is subordinated to the senior debt provided from Bancolombia, the shareholder loan cannot mature before the senior debt is repaid in full. MPCES deems the loan to be performing and the credit risk to be low, as the expected economic benefit for the project, which is under construction as of the reporting date, 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 not recognized.

The Company has made a preferred capital contribution to Leclanché (St. Kitts) Energy Holdings Ltd. through its entity MPC Energy Solutions Latin America Holdings II BV on 23.12.2021. The contribution is classified under IFRS as a debt instrument. The amount disclosed represents the fair value of that debt instrument as of 31 December 2022. The preferred shares, among others, gives a right to receive cumulative preferred dividends from Leclanché (St. Kitts) Energy Holdings Ltd when sufficient excess cash is available. Derivatives not designated as hedging instruments relate to a call option the Company has in relation to Leclanché (St. Kitts) Energy Holdings Ltd. By exercising the option, the Company can purchase an additional 13.3% common shares for an amount of USD 1.4 million or less. The call option is exercisable within three years starting on the year after the date the commercial operation of the plant has been achieved, but earliest after two years following the date of commercial operation start. The Company has the right to purchase the shares, but no obligation to do so.

A sensitivity analysis, for which we used Level 3 inputs (IFRS 13), was performed to assess the fair value of the debt instrument at fair value through profit and loss and the derivatives not designed as hedging instrument at fair value through profit and loss. The fair value of the debt instruments is calculated with a discounted cash flow model using a weighted average discount rate of 11%. 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, taking into consideration different cash flow scenarios. A 1% increase (decrease) in the discount rate would result in a decrease (increase) in the fair value of the debt instrument USD 0.4 million (USD 0.5million). The fair value of the debt instruments was subsequently increased by USD 400,000 to USD 8.1 million, while the fair value of the derivative was consequently reduced from USD 400,000 to zero.

Furthermore, MPCES subscribed to a convertible note issued by Enernet in January 2022 and subsequently topped up in December 2022. The total amount contributed by the Group was USD 1.4 million. The note carries an annual interest of 10% and will be repaid or converted into equity based on the agreement between Enernet and the subscribing parties.

In addition, the Group extended a shareholder loan to its joint venture TAISOL SRL in the Dominican Republic to fund development activities. The loan will be converted into equity during the current financial year.

As of 31 December 2022, the Company concluded that there are no significant ECL on shareholder loans or similar debt instruments. Please also refer to the respective section outlining our accounting principles on how ECL and impairments on financial assets are assessed.

6. TRADE AND OTHER RECEIVABLES

In USD	31.12.2022	31.12.2021
Trade receivables	687,541	-
Receivables from related parties	11,116	-
Taxes and social security	1,332,517	175,980
Total trade and other receivables	**2,031,174**	**175,980**

In 2022, the ECL is insignificant and therefore not recognized. The total maximum exposure of credit risk related to the current assets is USD 2.0 million (2021: USD 0.2 million).

7. CASH AND CASH EQUIVALENTS

In USD	31.12.2022	31.12.2021
Bank deposits and cash in hand	22,514,264	56,565,951
Restricted deposits	1,660,700	350,000
Total cash and cash equivalents	**24,174,964**	**56,915,951**

The Group in some cases provides cash collateral for guarantees to secure power grid connections, tenders, and obligations under supply agreements and power purchase agreements. Such collateral is disclosed as restricted deposits.

8. EQUITY

In USD	31.12.2022	31.12.2021
Share capital	2,728,700	2,728,700
Other capital reserves	81,734,470	81,658,201
Legal reserves	(65,489)	1,989,305
Treasury shares	-	-
Retained profit/losses	(3,602,631)	(876,801)
Profit/loss for the period attributable to the equity holders of the Company	(5,616,189)	(2,725,830)
Total equity attributable to the equity holders of the Company	**75,178,861**	**82,773,575**
Non-controlling interest	165,000	-
Profit/loss for the period attributable to non-controlling interest	(53)	-
Total equity	**75,343,808**	**82,773,575**

As of 31 December 2022, the total number of outstanding shares was 22,250,000. The number of shares is unchanged since the initial public offering on 22 January 2021. All shares are fully paid. The Management Board has the authority, as granted by the Annual General Meeting and stipulated in the Company's Articles of Association, to issue another 22,250,000 shares. For details, please refer to the Company's Articles of Association, which is published on the Company's website.

Please also refer to our disclosure on business combination in the section on accounting policies in this report for details on the non-controlling interest reflected in the statement of changes in equity.

For details with regards to the changes in equity, please refer to the Statement of Changes in Equity.

9. PROVISIONS

In USD	31.12.2022	31.12.2021
Current provisions	76,110	-
Non-current provisions	-	-
Total provisions	**76,110**	**-**

Provisions recognized on the balance sheet are related to the Company's solar PV plant in El Salvador and expected performance-related deferred compensation payable to the previous owners of the project. Please also refer to our disclosure concerning contingent liabilities.

10. PROJECT FINANCE LOANS

In USD	31.12.2022	31.12.2021
Current portion of project finance loans	2,505,782	-
Non-current portion of project finance loans	40,356,707	-
Total project finance loans	**42,862,489**	**-**
Project breakdown:		
Bonilla Zelaya Ingenieros Constructores SA de CV, El Salvador	16,994,794	-
Los Santos I SAPI de CV, Mexico	25,867,695	-
Total project finance loans	**42,862,489**	**-**

In USD	Total
Carrying amount as of 1 January 2022	-
Additions (acquisitions)	26,798,615
Additions (other)	16,994,794
Repayments of principle	(769,949)
Changes due to purchase price allocation and currency movements	(160,971)
Carrying amount as of 31 December 2022	**42,862,489**

The Group includes non-recourse financing structure in its projects, with loans being provided by commercial banks or development banks with tenors usually tied to the tenor of the respective project's power purchase agreement(s).

For its project Santa Rosa & Villa Sol, El Salvador, which is owned and operated by Bonilla Zelaya Ingenieros Constructores SA de CV, a loan in the total amount of USD 18.3 million will be provided by Banco Agricola, a member of the Bancolombia Group. USD 17.0 million of the total loan amount were disbursed to the projects as of 31.12.2022. The loan is USD-denominated, has a tenor of 15 years and an interest rate of 3-month LIBOR plus 4,75%. Quarterly repayments will commence after a grace period after construction of the plant is completed.

The solar PV plant Los Santos I SAPI de CV, Mexico, has secured loans from the North American Development Bank (NADB) and the Development Finance Corporation (DFC), which each provide around 50% of the total outstanding debt. The loans originally had a tenor of 17 years and 20 years, respectively, and will mature in March 2034 and March 2037. Repayments are made semi-annually. The interest rates on both loans are fixed at 4.87% (NADB) and 4.9% (DFC) until 2025, after which the rates will increase by 25 bps for each of the two loans and remain fixed until 2030. The loans' interest rates will then increase by another 25 bps each until the end of the respective loan tenors.

Simultaneous to acquiring shares in Neol CHP LLC (Puerto Rico) in March 2022, the Company also made a capital contribution to the project company which was used to repay a construction bank loan in the amount of USD 3.8 million. Please refer to the consolidated statement of cash flows.

11. LEASE LIABILITIES

In USD	31.12.2022	31.12.2021
Current lease liabilities	55,668	2,010,890
Non-current lease liabilities	1,107,155	492,154
Total lease liabilities	**1,162,824**	**2,503,044**

In USD	31.12.2022	31.12.2021
Land lease liabilities	1,134,826	2,503,044
Other lease liabilities	27,998	-
Total lease liabilities	**1,162,824**	**2,503,044**

In USD	Total
Carrying amount as of 1 January 2022	2,503,044
Additions	752,288
Accretion of interest	78,047
Reductions	(78,604)
Reduction from purchase of land (also refer to Note 3)	(2,091,951)
Carrying amount as of 31 December 2022	**1,162,824**

In USD	Total
Carrying amount as of 1 January 2021	-
Additions	2,503,044
Reductions	-
Carrying amount as of 31 December 2021	**2,503,044**

In USD	31.12.2022	31.12.2021
Amortization	(50,239)	(33,144)
Interest expense on lease liabilities	(78,047)	-
Expenses relating to short-term leases (incl. in other operating expenses)	(102,531)	(36,173)
Expenses related to leases of low-value assets	-	-
Variable lease payments	-	-
Total amount recognized through profit and loss	**(230,817)**	**(69,317)**

The Group has lease contracts for land on which it develops, builds and operates projects and for vehicles which site staff use during construction and operation. Leases for the land currently have lease terms between 20 and 25 years (not considering existing options to extend the lease term). For the leased vehicle the lease term is three years. The Group's obligations under its leases are secured by the lessors' titles to the leased assets.

In 2022, the Company decided to purchase land related to its solar PV plants in El Salvador. The purchase was made through the project company Bonilla Zelaya Ingenieros Constructores SA de CV and lead to a reduction in overall lease liabilities of the Group.

Total payments on leases in financial year 2022 were USD 76,035.

Please refer to the Group's accounting policy on leases for additional information on our accounting treatment of lease contracts. Please also refer to Note 3 on right-of-use assets.

12. DEFERRED TAX ASSETS AND LIABILITIES

In USD	Total
Deferred tax assets	
Carrying amount as of 1 January 2022	–
Additions (acquisition)	2,240,811
Reductions	(859,290)
Carrying amount as of 31 December 2022	**1,381,521**

In USD	Total
Deferred tax liabilities	
Carrying amount as of 1 January 2022	–
Additions	5,970,000
Reductions	(170,999)
Carrying amount as of 31 December 2022	**5,799,001**

On 4 February 2022, MPCES acquired 100% of the shares in Los Santos I SAPI de CV, a 15.8 MW solar PV plant in Mexico. Following the acquisition, the Company conducted a purchase price allocation for the entity in accordance with IFRS. The recording of the results on the consolidated balance sheet led to a recognition of a deferred tax liability in the amount of USD 5.5 million. Subsequently, a deferred tax assets was recognized due to identifiable and usable tax losses that the entity will use to offset future tax expenses in upcoming years.

On 29 March 2022, MPCES acquired 95% of the shares in Neol CHP LLC, a 15.8 MW combined heat and power plant in Puerto Rico. Following the acquisition, the Company conducted a purchase price allocation for the entity in accordance with IFRS. The recording of the results on the consolidated balance sheet led to a recognition of a deferred tax liability in the amount of USD 0.5 million.

13. CURRENT LIABILITIES

In USD	31.12.2022	31.12.2021
Trade payables	2,028,181	544,471
Payables to related parties	487,586	119,855
Taxes and social security	805.988	21,653
Other payables	10,167	–
Total current liabilities	**3,331,923**	**685,979**

Payables to related parties include USD 0.3 million to Enernet Global in connection with development fees and advanced expenses for Neol CHP LLC (Puerto Rico). Enernet Global owns a 5% equity stake in the project company. In addition, the position includes USD 0.2 million to MPC Capital GmbH (please also refer to Note 25). The payables to related parties were settled in full after the reporting date.

Notes to the Consolidated Income Statement

14. REVENUE

In USD	2022	2021
Revenue from power-producing assets	3,044,808	-
Revenue from energy trading activities	581,422	-
Total revenue	**3,626,230**	**-**

In fiscal year 2022, revenues from power-producing assets were generated by the solar PV plant Los Santos I (Mexico), which was accounted for from 4 February 2022 (acquisition date) to 31 December 2022. Revenue from energy trading activities were associated with the solar PV plant Los Girasoles (Colombia), which was still under construction in 2022 and purchased and sold electricity to meet the obligations under its power purchase agreement between July and December of the fiscal year.

15. COST OF SALES

In USD	2022	2021
Cost of sales for power-producing assets	(876,882)	-
Direct costs relate to energy trading activities	(655,581)	-
Total cost of sales	**(1,532,463)**	**-**

16. EMPLOYEE EXPENSES

In USD	2022	2021
Wages and salaries	(1,220,657)	(613,456)
Social security and pension contributions	(45,131)	(74,773)
Supervisory board compensation	(68,253)	(140,000)
Other personnel expenses	(301,919)	(34,172)
Total employee expenses	**(1,635,959)**	**(862,401)**

As of 31 December 2022, the Group employed 15 full-time equivalent employees (2021: 13), of which 6 were employed at the Company's head office in Amsterdam, Netherlands (2021: 6). The Company also has offices in Bogotá (Colombia) and Panama City (Panama). During 2022, the Group employed an average of 15.3 full-time equivalent employees (2021: 7.0).

17. OTHER OPERATING EXPENSES

In USD	2022	2021
Office rent and related expenses	(102,531)	(36,173)
Communication and IT	(28,478)	(5,681)
Insurance costs, fees and subscriptions	(168,345)	(166,178)
Marketing and public relations	(150,422)	(136,454)
Travel expenses	(383,093)	(72,150)
Corporate fees	(292,192)	(651,706)
Audit fees	(264,400)	(162,720)
Legal, tax and other advisory fees	(823,963)	(704,571)
Other operating expenses	(443,115)	(87,619)
Total operating expenses	**(2,656,539)**	**(2,023,252)**

Corporate fees include corporate services provided by the related party MPC Capital GmbH, including services related to investor relation, human resources, marketing, and public relations services as well as license fees for infrastructure and assets provided by the MPC Group. Please also refer to Note 25 for details.

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

In USD	2022	2021
Audit fees related to 2022 audit	(134,347)	-
Audit fees related to 2021 audit	(130,053)	(84,353)
Audit fees related to 2020 audit	-	(78,367)
Non audit-related services	-	-
Total audit fees	**(264,400)**	**(162,720)**

Legal fees, tax and other advisory fees as well as management fees mainly relate to non-capitalized due diligence costs, legal fees in connection with the public listing and other legal consulting, ESG advisory services, and expenses incurred in connection with IFRS and tax advisory. For fiscal year 2021, management fees additionally included services related to the initial public offering of the Company.

Other operating expenses included expenses in connection with a feasibility study conducted in Jamaica, local regulatory fees and taxes, security services and miscellaneous expenses.

18. DEPRECIATION AND AMORTIZATION

In USD	2022	2021
Depreciation on property, plant and equipment	(987,958)	(1,821)
Amortization on intangible assets and right-of-use assets	(1,066,967)	-
Step-up day-one value adjustment	80,000	-
Impairment	(440,203)	-
Total depreciation and amortization	**(2,415,128)**	**(1,821)**

Depreciating charges were incurred in connection with the operating project Los Santos I SAPI de CV in Mexico.

Amortization charges refer to gradual write-offs of intangible assets, e.g. power purchase agreements, right-of-use assets and capitalized development expenses. Amortization charges only relate to projects that are already under operation. In addition, the line item includes the amortization of the day-one fair value adjustment (gain) for the Company's investment in Leclanché (St. Kitts) Energy Holdings Ltd (Barbados).

In fiscal year 2022, the Group impaired USD 0.4 million in relation to a project in Honduras which was abandoned during the year. No capitalized expenses related to the project are carried on the balance sheet as of 31.12.2022.

19. GAIN FROM BARGAIN PURCHASES

In USD	2022	2021
Gain from a bargain purchase (Los Santos I SAPI de CV, Mexico)	2,240,811	-
Gain from a bargain purchase (Neol CHP LLC, Puerto Rico)	135,000	-
Total gain from bargain purchases	**2,375,811**	**-**

In February 2022, we acquired 100% of the shares in Los Santos I SAPI de CV (Mexico), a 15.8 MW operating solar PV plant. Following the acquisition, we performed a purchase price allocation in accordance with IFRS. The fair value determined through this process exceeded the purchase price paid for the shares by USD 2.2 million, which was mainly due to identifiable and usable tax assets from tax losses carried forward by the entity. The entity is expected to use these losses to reduce its tax expenses over the next years.

In March 2022, MPCES acquired 95% of the shares in Neol CHP LLC, a 3.4 MW combined heat and power plant in Puerto Rico. Following the acquisition, the Company conducted a purchase price allocation for the entity in accordance with IFRS. The recording of the results on the consolidated balance sheet led to a recognition of a gain from a bargain purchase in the amount of USD 0.1 million. The main reason for this gain is that the determined fair value of the shares exceeded the pre-agreed purchase price for the shares.

We recognized the gains in our income statement below operating profit (EBIT). Please also refer to our consolidated income statement and cash flow statement concerning this matter, as well as to our disclosures on business combinations and bargain purchases.

20. OTHER INCOME AND EXPENSES

In USD	2022	2021
Technical/commercial service fees during development, not capitalized	(476,667)	-
Operational expenses during construction, not capitalized	(487,273)	-
Other income	912	-
Total other income and expenses	**(963,028)**	**-**

During the development phase, the Company receives technical and commercial services from the MPC Group. These are not During the development phase, the Company receives technical and commercial services from the MPC Group. These are not capitalized and therefore directly accounted for through profit and loss. Once a project starts construction, the related services are provided directly at the project level. Until then, we account for them on group level.

Not all construction-related expenses are capitalized. In connection with our construction activities in Colombia and El Salvador during the reporting year, we expensed certain items directly and report them as part of our other expenses because they did not meet the IFRS requirements for capitalization. Such costs include, for instance, local fees and taxes.

21. FINANCIAL INCOME AND EXPENSES

In USD	2022	2021
Interest income	744,997	320,972
Interest expenses	(1,835,954)	(83,728)
Exchange rate results	(368,619)	(14,262)
Total financial result (excl. share in result from joint ventures)	**(1,459,576)**	**222,982**

Financial income is generated from shareholder loans and convertible notes in connection with the Group's engagement with Parque Solar Planeta Rica SAS ESP (Colombia) and Enernet Global Inc (USA), as well as from short-term, interest-yielding deposits of available funds.

Interest expenses are incurred from project financial loans.

Exchange rate results are foreign currency effects that are accounted in profit and loss, which relates primarily to the Group's operating activities (when revenue or expenses is denominated in a foreign currency).

22. SHARE IN RESULT OF JOINT VENTURES

In USD	2022	2021
Parque Solar Planeta Rica SAS ESP, Colombia	(178,459)	(61,338)
Leclanché (St. Kitts) Energy Holdings Ltd, Barbados	(11,939)	-
Total share in result of joint ventures	**(190,398)**	**(61,338)**

Please also refer to the note detailing the Company's investments in joint ventures.

23. INCOME TAX EXPENSES

The parent company, MPC Energy Solutions NV, is subject to ordinary corporate income tax in the Netherlands. The corporate income tax position is calculated as follows:

In USD		2022	2021
Profit/loss before taxes		(4,851,103)	(2,725,830)
Nominal taxes	(25.80%)	1,251,585	(681,458)
Impact tax rate difference	0.06%	(2,848)	-
Add-back of non-deductible amounts	7.71%	(374,099)	491,276
Current year tax losses not recognized	20.51%	(994,777)	190,181
Prior year adjustment	13.30%	(645,000)	-
Income tax expense for the year	**15.77%**	**(765,139)**	**-**

For the Dutch fiscal unity, as of 31 December 2022, the tax loss carried forward amounts to USD 4.4 million (2021: USD nil, correction from previously reported USD 1.5 million). 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 does not expect 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.

Regarding Los Santos I SAPI de CV (Mexico), a deferred tax asset of USD 1,381,521, relating to the remaining tax losses, is taken into account as of 31 December 2022. Please also refer to Note 12 concerning this matter.

The effective tax rate is 15.8% for the reporting period.

24. EARNINGS PER SHARE (EPS)

In USD	2022	2021
Net income/loss for the period	(5,616,242)	(2,725,830)
Weighted number of ordinary shares outstanding	22,250,000	22,250,000
EPS (basic and diluted)	**(0.25)**	**(0.12)**

Basic EPS are 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 (month-end averages). There are currently no instruments outstanding as of 31 December 2022 with a potentially dilutive effect on earnings per share.

25. PAYMENTS MADE TO THE MPC GROUP

During fiscal year 2022, the Group received administrative support and purchased other services provided by companies which are part of the MPC Group. Services include, without being limited to, transaction advisory services, asset management services, IT services, and services in connection with investor relations, human resources, public relations, marketing and ESG activities.

The total amount of payments made to companies belonging to the MPC Group for services rendered amounted to USD 1.9 million (2021: USD 2.2 million).

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

During fiscal year 2022, the total remuneration of the Management Board accounted for in the financial statements was USD 410,519 (2021: USD 283,733).

During fiscal year 2022, the total remuneration of the Supervisory Board accounted for in the financial statements was USD 68,253 (2021: USD 140,000).

COMMITMENTS

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores SA de CV (El Salvador) contains provisions regarding contingent purchase price payments depending on the commercial success of the project. Such contingent purchase price payments may accumulate to a maximum total amount of USD 7.2 million over a period of 20 years of asset operation The amount disclosed here refers to the part of the potential liabilities that we currently deem as improbable to be paid in the future. Please refer to Note 9 for the corresponding amount which we deem more likely than not that they it will be paid in the future.

EVENTS AFTER THE REPORTING DATE

On 11 January 2023, the combined-heat-and-power plant Neol CHP LLC in Puerto Rico began commercial operations. The 3.4 MW installation is expected to generate around 26 GWh of energy per year, which it will sell under a long-term power purchase agreement to Neolpharma Inc. Following the delays experienced during construction, the project company and the off-taker agreed on a settlement payment to the off-taker in the amount of USD 350,000, which was made in February 2023.

On 6 February 2023, MPCES successfully commissioned its solar PV plants Santa Rosa & Villa Sol in El Salvador. The plant has an installed capacity of 21.3 MW and will supply energy to grid operator CAAES. The plant is expected to generate around 45 GWh of electricity every year.

On 16 February 2023, the Company announced its market entry into Guatemala after signing a 16-year power purchase agreement with the IMSA Group, the country's largest sugar cane producer and sugar refiner. MPCES will develop, build and operate a 65 MW solar PV plant on one of the off-taker's sites.

On 23 February 2023, the Company increased its shareholder loan to Parque Solar Planeta Rica SAS ESP (Colombia) by USD 1.2 million to fund construction until commercial operation begins. The co-shareholder of the project company provided a shareholder loan pro-rata to the amount invested by MPCES. The total investment the Company has provided to the project entity following this investment was USD 8.8 million.

On 7 March 2023, MPCES signed a subscription agreement which will make the Company a 95% shareholder to Enernet One CHP LLC (Puerto Rico), a project entity that will build, own and operate a 2.6 MW CHP plant in Puerto Rico. The plant is under construction and expected to start operations in 2024.

COMPANY FINANCIAL STATEMENTS

Company Statement of Financial Position

for the financial year ended 31 december
(before appropriation of results)

In USD	Notes	31.12.2022	31.12.2021
Intangible Assets		1,312,085	680,222
Property, plant and equipment		2,577	-
Financial fixed assets	26	59,618,948	54,730,130
Non-current assets		**60,933,610**	**55,410,352**
Trade and other receivables		251,430	42,484
Receivables from group companies		9,269	-
Cash and cash equivalents	27	14,997,772	35,135,566
Current assets		**15,258,471**	**35,178,050**
Total assets		**76,192,081**	**90,588,402**
Share capital		2,728,700	2,728,700
Other capital reserves		81,734,470	81,658,201
Legal reserves		(65,489)	1,989,305
Treasury shares		-	-
Retained profit / losses		(3,602,632)	(876,801)
Profit / loss for the period		(5,616,189)	(2,725,830)
Equity	**28**	**75,178,861**	**82,773,575**
Trade and other payables		351,935	503,413
Payables to group companies	29	394,484	7,045,047
Payables to related parties	30	162,167	119,855
Accruals		104,634	146,512
Current liabilities		**1,013,220**	**7,814,827**
Total equity and liabilities		**76,192,081**	**90,588,402**

Note: Rounding differences may occur.

Company Income Statement

for the financial year ended 31 december

In USD	Notes	31.12.2022	31.12.2021
Net turnover		166,667	-
Total operating income		**166,667**	**-**
Raw materials and consumables / cost of sales		(133,875)	-
Wages and salaries		(839,548)	(499,012)
Social security costs		(57,357)	(26,447)
Impairment charges	31	(219,528)	-
Other operating expenses	32	(3,476,651)	(1,875,477)
Total operating expenses		**(4,726,960)**	**(2,400,936)**
Interest income and similar income		255,414	-
Interest expenses and similar charges		(605,786)	(156,999)
Result before taxation		**(4,910,665)**	**(2,557,935)**
Taxation		-	-
Share in result of participating interest	33	(705,524)	(167,895)
Net result for the year		**(5,616,189)**	**(2,725,830)**

Note: Rounding differences may occur.

Notes to the Company Financial Statements

GENERAL

Company Profile

As an integrated full-cycle independent power producer (IPP), the principal activities of the Company and its subsidiaries are to develop, build, own and operate renewable energy projects. This includes, without being limited to, solar and wind farms, energy efficiency solutions and hybrid installations.

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

Following a private placement of shares on 22 January 2021, the shares of the Company were listed in the Euronext Growth segment of the Oslo Stock Exchange.

Going Concern

In preparing the company financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

Assessing whether going concern is the correct presumption requires judgement by the Management Board on different matters concerning the Company's ability to continue its operations in the future. This judgement is based on the financial position of the Company, the Company's existing operational projects, projects under construction and project development backlog, business opportunities and financial projections. Since the Company is not yet generating positive cash flows, the uncertainty of maintaining sufficient liquidity to support the going concern assumption has been assessed. Based on internal financial projections and preparations made to secure additional funding from external sources (asset sales, equity and debt), as well as the fact that the Company has currently no long-term debt on corporate level, the Management Board currently sees no significant risk materializing from this uncertainty.

Reporting Period

The Company's financial year corresponds to the calendar year.

IFRS

The company financial statements were prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code. The Company uses the option of Article 362.8 of Part 9 of Book 2 of the Dutch 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.

The company financial statements have been prepared on a historical cost basis unless stated otherwise.

The company financial statements are presented in USD. All financial information presented in USD has been rounded to the nearest USD unless indicated otherwise.

Equity

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 2022, 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, equity was raised through a private placement and subsequent listing of the Company’s shares in the Euronext Growth segment of the Oslo Stock Exchange on 22 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.

SIGNIFICANT ACCOUNTING POLICIES

Financial Fixed Assets

Participating interests (subsidiaries and joint ventures) are accounted for in the Company’s 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. Insofar 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 to or from Group Companies

Amounts due to or from group companies are stated initially at fair value and subsequently at amortized cost. Amortized cost is determined using the EIR. The Company recognizes a credit loss for financial assets (such as a loan) based on 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 entity financial statements. For this reason, the Company elected to eliminate these differences through the respective receivable account in the separate financial statements, if applicable.

Notes to the Company Financial Position

26. FINANCIAL FIXED ASSETS

In USD	2022	2021
Participation in subsidiaries	55,002,696	51,730,130
Equity instruments	3,160,000	3,000,000
Convertible note incl. accrued interest	1,456,252	-
Total financial fixed assets	**59,618,948**	**54,730,130**

MPC Energy Solutions NV owns an equity stake in Enernet Global Inc (USA). The amount invested in 2020 and 2021 is USD 3,000,000. In addition, the Company subscribed to a convertible note issued by Enernet Global in 2022, investing USD 1,360,000. The interest on the convertible note is being accrued. In financial year 2022, the Company increase the fair value recognized on its balance sheet related to equity investments made in Enernet by USD 160,000. The Management Board based that adjustment on recent business development updates received from Enernet as well as updated financial projections received from Enernet.

In USD	Total
Participation in subsidiaries	
MPCES Holding BV, Netherlands	30,472,406
MPC Energy Solutions Latin America Holdings II BV, Netherlands	24,530,290
Total participation in subsidiaries	**55,002,696**
Carrying amount as of 1 January 2022	**51,730,130**
Additions	5,950,000
Results of subsidiaries (incl. OCI)	(2,677,434)
Carrying amount as of 31 December 2022	**55,002,696**

In USD	Total
Equity instruments (shares in Enernet Global Inc.)	
Carrying amount as of 1 January 2022	3,000,000
Additions	160,000
Reductions	-
Carrying amount as of 31 December 2022	**3,160,000**

In USD	Total
Convertible note incl. accrued interest (Enernet Global Inc.)	
Carrying amount as of 1 January 2022	-
Additions	1,360,000
Reductions	96,252
Carrying amount as of 31 December 2022	**1,456,252**

27. CASH AND CASH EQUIVALENTS

In USD	31.12.2022	31.12.2021
Bank deposits and cash in hand (USD and EUR)	13,337,072	34,785,566
Restricted deposits	1,660,700	350,000
Total cash and cash equivalents	**14,997,772**	**35,135,566**

The Company in some cases provides cash collateral for guarantees to secure power grid connections, tenders, and obligations under supply agreements and power purchase agreements. Such collateral is disclosed as restricted deposits.

28. EQUITY

In USD	31.12.2022	31.12.2021
Share capital	2,728,700	2,728,700
Other capital reserves	81,734,470	81,658,201
Legal reserves	(65,489)	1,989,305
Treasury shares	-	-
Retained profit/losses	(3,602,632)	(876,801)
Profit/loss for the period	(5,616,189)	(2,725,830)
Total equity	**75,178,861**	**82,773,575**

As of 31 December 2022, the total number of outstanding shares was 22,250,000. The number of shares is unchanged since the initial public offering on 22 January 2021. All shares are fully paid. The Management Board has the authority, as granted by the Annual General Meeting and stipulates in the Company's Articles of Association, to issue another 22,250,000 shares. For details, please refer to the Company's Articles of Association, which is published on the Company's website.

The legal reserves relate to effects from foreign currency exchange movements for investments made in foreign currencies. Changes in the corresponding book value in USD are recognized in the position legal reserve in equity. Please also refer to the Statement of Changes in Equity of the consolidated financial statements if the Group.

29. PAYABLES TO GROUP COMPANIES

In USD	31.12.2022	31.12.2021
MPC Energy Solutions Latin America Holdings II BV, Netherlands	-	7,009,403
MPC Energy Solutions Colombia SAS, Colombia	304,012	35,644
MPC Energy Solutions Panama SA, Panama	80,555	35,644
Others	9,917	-
Total payables to group companies	**394,484**	**7,045,047**

In USD	Total
MPC Energy Solutions Latin America Holdings II BV, Netherlands	
Carrying amount of short-term intercompany loan as of 1 January 2022	7,000,000
Interest owed as of 1 January 2022	9,403
Total carrying amount as of 1 January 2022	**7,009,403**
Principal and interest repayment	(7,009,403)
Carrying amount of short-term intercompany loan as of 31 December 2022	**-**

At the end of financial year 2021, a short-term intercompany loan was made from the Company's 100% subsidiary MPC Energy Solutions Latin America Holdings II BV (Netherlands) to the Company. The loan including interest were repaid in full in January of 2022.

30. PAYABLES TO RELATED PARTIES

In USD	31.12.2022	31.12.2021
MPC Capital GmbH	162,167	119,855
Total payables to related parties	**162,167**	**119,855**

In USD	Total
Payables to MPC Capital GmbH	
Carrying amount as of 1 January 2022	119,855
Additions	1,794,800
Reductions/repayments	(1,752,488)
Carrying amount as of 31 December 2022	**162,167**

The payables to MPC Capital GmbH were incurred in the normal course of business for services provided to the Company.

Notes to the Company Income Statement

31. IMPAIRMENT CHARGES

In USD	2022	2021
Impairment of capitalized development expenses	(219,528)	-
Total impairment charges	**(219,528)**	**-**

In fiscal year 2022, the Company impaired USD 0.2 million in relation to a project in Honduras which was abandoned during the year. No capitalized expenses related to the project are carried on the balance sheet as of 31.12.2022.

32. OTHER OPERATING EXPENSES

In USD	2022	2021
Office rent and related expenses	(88,939)	(21,591)
Communication and IT	(10,206)	(4,908)
Insurance costs, fees and subscriptions	(160,575)	(162,081)
Marketing and public relations	(148,389)	(136,454)
Travel expenses	(279,541)	(41,743)
Corporate fees	(263,982)	(651,706)
Audit fees	(231,136)	(162,720)
Legal, tax and other advisory fees	(499,820)	(693,263)
Technical/commercial service fees during development, not capitalized	(476,667)	-
Other operating expenses	(120,757)	(1,011)
Cost pooling from regional service companies	(1,196,638)	-
Total operating expenses	**(3,476,651)**	**(1.875,477)**

In 2021, corporate fees and legal, tax and other advisory fees included charges related to the initial public offering on the Oslo Stock Exchange.

Since the beginning of 2022, the Company has established cost pooling agreements with its regional service companies in Colombia and Panama, which allows the Company to fund these subsidiaries. The costs of the Company, including the pooled costs from subsidiaries, will be charged to operating entities in the future once the Company has a portfolio of operating assets.

During the development phase, the Company receives technical and commercial services from the MPC Group. These are not capitalized and therefore directly accounted for through profit and loss. Once a project starts construction, the related services are provided directly at the project level. Until then, we account for them on group level.

33. RESULT OF PARTICIPATING INTERESTS

In USD	2022	2021
Share in result of MPCES Holding BV	1,354,606	(148,738)
Share in result of MPC Energy Solutions Latin America Holdings II BV	(1,893,462)	4,143
Purchased equity of Bonilla Zelaya Ingenieros Constructores SA de CV	-	(25,300)
Share in result of Bonilla Zelaya Ingenieros Constructores SA de CV	(166,667)	-
Total result of participating interests	**(705,524)**	**(167,895)**

STAFF

At the end of 2022, the Company had 6 full-time equivalent employees (2021: 6). The entire staff is employed at the Company's head office in Amsterdam, the Netherlands.

AUDIT FEES

Please refer to the disclosure and details on audit fees in the section of the consolidated financial statement of the Group.

REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

During fiscal year 2022, the total remuneration of the Management Board accounted for in the financial statements was USD 410,519 (2021: USD 283,733).

During fiscal year 2022, the total remuneration of the Supervisory Board accounted for in the financial statements was USD 68,253 (2021: USD 140,000).

EVENTS AFTER THE REPORTING DATE

On 11 January 2023, the combined-heat-and-power plant Neol CHP LLC in Puerto Rico began commercial operations. The 3.4 MW installation is expected to generate around 26 GWh of energy per year, which it will sell under a long-term power purchase agreement to Neolpharma Inc. Following the delays experienced during construction, the project company and the off-taker agreed on a settlement payment to the off-taker in the amount of USD 350,000, which was made in February 2023.

On 6 February 2023, MPCES successfully commissioned its solar PV plants Santa Rosa & Villa Sol in El Salvador. The plant has an installed capacity of 21.3 MW and will supply energy to grid operator CAAES. The plant is expected to generate around 45 GWh of electricity every year.

On 16 February 2023, the Company announced its market entry into Guatemala after signing a 16-year power purchase agreement with the IMSA Group, the country's largest sugar cane producer and sugar refiner. MPCES will develop, build and operate a 65 MW solar PV plant on one of the off-taker's sites.

On 23 February 2023, the Company increased its shareholder loan to Parque Solar Planeta Rica SAS ESP (Colombia) by USD 1.2 million to fund construction until commercial operation begins. The co-shareholder of the project company provided a shareholder loan pro-rata to the amount invested by MPCES. The total investment the Company has provided to the project entity following this investment was USD 8.8 million.

On 7 March 2023, MPCES signed a subscription agreement which will make the Company a 95% shareholder to Enernet One CHP LLC (Puerto Rico), a project entity that will build, own and operate a 2.6 MW CHP plant in Puerto Rico. The plant is under construction and expected to start operations in 2024.

RECOGNITION OF THE LOSS FOR 2022

The Management Board proposes to deduct the 2022 result from the other reserves in equity in the amount of USD 5,616,189. The General Meeting of Shareholders will be asked to approve the appropriation of the 2022 result. This proposition is already recognized in the financial statements of the Company.

31 March 2023
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 or ordinary shares payable not in cash, but rather in part or entirely in shares in the Company's capital.

INDEPENDENT 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 2022 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2022 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 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 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 2022
+ the following statements for 2022: 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 2022
+ the company income statement for 2022
+ 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. 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 N.V. is an integrated independent power producer founded in June 2020. The main business activity of MPC Energy Solutions N.V. and its group entities (the group) is to develop, construct and own low-carbon energy infrastructure, including solar and wind farms and other hybrid and energy efficiency solutions with a regional approach in Latin America and the Caribbean, technically and commercial 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 generated limited revenues from power-producing assets and from energy trading activities in 2022. 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 determined materiality and identified and assessed 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.

Materiality

Materiality	USD 3,000,000 (2021: USD 2,400,000)
Benchmark applied	4% of equity as per 31 December 2022 (2021: 3% of equity as per 31 December 2021)
Explanation	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 it 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. In current year the company made significant progress in the development of the projects. Considering this development which is not reflected in amount of equity, we have increased the percentage of the benchmark applied in comparison to the period ended 31 December 2021.

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 150,000 (2021: 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. 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 following entities
    - MPC Energy Solutions Colombia S.A.S.
    - Parque Solar Los Girasoles S.A.S. E.S.P.
    - Parque Solar Planeta Rica S.A.S. E.S.P.
    - Neol CHP L.L.C.
    - Los Santos I SAPI de C.V., and
    - Bonilla Zelaya Ingenieros Constructores S.A. de C.V.
+ Performed other 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 on the consolidated financial statements.

Teaming and use of specialists

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 on the consolidated financial statements.

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. 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.

Our audit response related to fraud risks
We identified and assessed 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 management'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 report of the management board for management's (fraud) risk assessment and section 'governance' of the report of the supervisory board in which the supervisory board reflects on this (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 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 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. For these risks we have 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 the section Significant Judgements, Estimates and Assumptions in the financial statements. We refer to our audit response in the key audit matter ‘Valuation of solar plant assets (property plant & equipment)’.

We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

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 performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 management, reading minutes 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 financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management’s going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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 material uncertainties about going concern. 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 matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters discussed.

The key audit matter Valuation of investments in joint ventures (debt instrument) which was included in our last year’s auditor’s report, is not considered a key audit matter for this year as the developments within the most material joint venture ‘Leclanché (St. Kitts) Energy Holdings ltd’ are stable. This significantly decreases the estimation uncertainty within the fair value calculation of the debt instrument.

Valuation of solar plant assets (property plant & equipment)

Risk	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 management to more reliably measure future cash flows reducing the impairment risk. However, as several plants are not yet connected to the grid it is exposed to construction risks, which can impact future cash flows. Factors that trigger impairment risk include, amongst others, political changes, macroeconomic fluctuations and changes to energy tariffs. As disclosed in section 'Significant judgements, estimates and assumptions' in the financial statements management performs an annual impairment test and uses a cash flow model with the expected future cash flows as a basis for the valuation of solar plant assets and makes an assessment of significant events (both internal and external) identified on a solar plant level ('cash generating unit'). 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.
Our audit approach	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. We have performed the following procedures for the valuation of solar plant assets: + Inspected the management's annual impairment assessment and performed a retrospective review of the outcome or re-estimation of previous accounting estimates by management. + Verified the completeness of impairment triggers considered by management by performed inquiries, reviewing minutes and inspecting contracts. + We considered whether management'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 a potential indicator of impairment of the company's assets and cash generating units. + We involved internal specialist for the audit of the impairment model which is used. + Reviewed and discussed component team deliverables for impairment triggers identified. + Reviewed and discussed the key assumptions in the cash flow model and evaluated whether these are aligned with documentation, such as agreements and permits. 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.
Key observations	Based on the procedures performed, we concur with the outcome of the impairment test that management performed and the valuation of the solar plant assets. We consider management's assumptions to be within a reasonable range. We concur with the disclosures relating to significant assumptions and estimates included in the financial statements.

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 report of the management board 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.

Management is responsible for the preparation of the other information, included the report of the management board 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

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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.

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 management
+ 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, 30 March 2023
Ernst & Young Accountants LLP

D.L. Groot Zwaaftink

MPC ENERGY SOLUTIONS

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