MPC ENERGY SOLUTIONS | 2020

ANNUAL REPORT

MPC ENERGY SOLUTIONS

www.mpc-energysolutions.com

Contents

MPCES in Brief

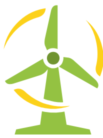
MPC Energy Solutions N.V. ("MPC Energy Solutions" or the "Company", together with its subsidiaries the "Group") was founded on 4 June 2020 as a Dutch public limited liability company incorporated under the laws of the Netherlands and governed by Dutch law. The Company is registered with the Dutch company register under the organisation number 78205123 and its registered office is at Strawinskylaan 1547 Tower C, 1077 XX, Amsterdam, the Netherlands. The shares of the Company have been listed on the Euronext Growth segment of the Oslo Stock Exchange under the ticker "MPCES" since 22 January 2021. As of 31 December 2020, the Company's share capital is USD 274,500 comprised of 2,250,000 shares with a nominal value of EUR 0.10 per share. The sole shareholder of the Company is MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a 100% owned subsidiary of MPC Capital AG. The Group's consolidated financial statements include the financial reports of the Company and its subsidiaries.

The principal activity of the Group is to act as an integrated independent power producer (IPP) focused on renewable energy and energy efficiency projects. MPC Energy Solutions will develop, operate and own clean energy assets including utility-scale solar PV and wind farms, energy storage, co-generation as well as other infrastructure that helps reduce energy consumption and carbon emissions, supporting the transition towards a net zero-emission future.

The Company will operate its projects globally with an initial focus on Latin America including the Caribbean as its launch region and with an opportunistic approach to replicate the business model in other regions, e.g. Asia-Pacific.

The Group's operating activity commenced in June 2020.

Solar PV



Wind power

Hybrid

Energy Efficiency

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ESG
FOCUS

> “WE ARE COMMITTED TO INVESTING WITH CONSIDERATION OF OUR ESG PRINCIPLES THUS DELIVERING LASTING POSITIVE IMPACT ON THE ENVIRONMENT AND THE COMMUNITIES IN WHICH WE INVEST.”

ESG Focus

OUR GOALS

Being a renewable energy infrastructure company, MPC Energy Solutions is committed and conscientious of its Environmental, Social and Governance (ESG) goals. We apply our ESG strategies to all phases of the investment process as well as the life cycle of each asset.

By integrating Environmental, Social and Governance issues into our investment process we assume responsibility for the societal and environmental challenges of the current century. At the same time we ensure the future of our company and will create long-term value for our investors.

WE EMBRACE THE SIX UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

Our sponsor MPC Capital is a signatory of the UN Principles of Responsible Investment (UN PRI) and is member of Climate Action 100+ an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. MPC Capital is also a member and has committed to the principles of the IIGCC (the institutional Investors Group on Climate Change), which help shape sustainable finance and climate policy, and regulation for key sectors of the economy. MPC Energy Solutions aims to expand these memberships to our own operations in the months to come.

01 We incorporate ESG issues into investment analysis and decision-making processes.

02 We are active owners and incorporate ESG issues into our ownership policies and practices.

03 We seek appropriate disclosure on ESG issues by the entities in which we invest.

04 We promote acceptance and implementation of the Principles within the investment industry.

05 We work together to enhance our effectiveness in implementing the Principles.

06 Activities and progress towards implementing the Principles.

“THE CARIBBEAN BASIN IS A VERY SPECIAL REGION AND BRINGING RENEWABLE ENERGIES TO THESE HEAVILY FOSSIL DEPENDENT COUNTRIES IS A BIG STEP TO SECURING A CLEANER ENVIRONMENT FOR FUTURE GENERATIONS.”

Our ESG-Goals in Energy Infrastructure

CONTRIBUTING TO A SUSTAINABLE SUPPLY OF CLEAN ENERGY IN OUR FOCUS REGION

Our renewable infrastructure assets contribute to the transition to renewable energy sources and reduced carbon footprint. More clean energy will lead to lower greenhouse gas emissions from energy consumption and decrease global warming.

SOURCING FOR SUSTAINABLE ENERGY PROJECT AND INVESTMENT OPPORTUNITIES

Investing into and operating our projects sustainably and responsibly reflects our commitment to socially and environmentally responsible actions.

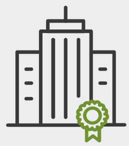
We are looking to grow our business by adding further significant investments in renewable energy as well as energy efficiency projects to our project portfolio in 2021. Environmental and social aspects are decisive factors in our evaluation of potential projects. MPC Energy Solutions leads the structuring, financing and operation of the projects alongside its partners and plays also an active role during development and construction. ESG issues are integrated in all stages – from sourcing via construction and operation.

ENVIRONMENTAL

+ Contributing to sustainable and climate-friendly energy supply

SOCIAL

+ Support positive links and a sustainable relationship with the surrounding communities where renewable projects take place
+ Protecting health and safety of employees and partners



CORPORATE

+ Comply with MPCES Code of Conduct

Tools	Origination	Construction	Asset Operations
	+ Environmental and Social Due Diligence + Impact assessment model to estimate the lifetime environmental footprint + Business Partner check	+ Environmental and Social Assessment Report + Environmental and Social Management Plan + Community Engagement Plan including proper grievance mechanisms + Health, Safety and Environmental audits and periodic reporting	+ Health, Safety and Environmental mandatory checks + Emergency plan, periodic trainings to the operators and plant visitors + Yearly Fauna Impact study + Reporting and monitoring of the yearly corporate social responsibility budget

REDUCE NEGATIVE ENVIRONMENTAL FOOTPRINT

We continuously analyse risks to the environment for our projects. This includes the risk of hazardous material during construction and operation. We are also committed to continuously working to reduce the carbon footprint of our projects in every part of the process.

ACTIVE COMMUNITY ENGAGEMENT

Our collaboration with the local communities is of utmost importance to the success of our projects. We make sure that our renewable projects serve the communities that are affected and that the community involvement and support is high.

ENSURE GOOD WORKING CONDITIONS

In all our projects and in or own company we ensure good and equal working conditions as well as monitoring Health, Safety and Environment (HSE) issues actively.

ONGOING TEAM TRAINING

At MPC Energy Solutions, we take an active approach to training our team in environmental and social aspects. Our team members have participated in a regular series of education and training courses on ESG aspects.

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MANAGEMENT BOARD'S REPORT

Management Board's Report

BUSINESS OVERVIEW AND CORPORATE DEVELOPMENT

The year 2020 marked the incorporation of MPC Energy Solutions as a standalone platform, although its real operations only commenced in 2021. Despite our brief history, we are by no means a start-up: built on a long corporate and personal track record, we have proven our commitment to the renewable energy sector over many years by successfully sourcing and executing a large number of wind and solar projects under the helm of our sponsor MPC Capital AG.

The launch of MPC Energy Solutions allows us to focus entirely on the attractive business opportunities in the renewable energies space in the emerging markets environment with the aim to grow the Company into one of the most dynamic and profitable independent power producers in our core regions for the benefit of our shareholders, business partners and employees. At the same time, we are committed to contributing to a zero-emission future by promoting a clean and sustainable energy production. As a renewable energy provider, a particular focus going forward will be placed on responsible investment. Ecological aspects in our core markets, social issues including community engagement and corporate governance factors will become ever more important considerations when developing new projects. We will further elaborate on the core principles of our commitment to environmental, social and governance aspects in the corresponding section of this report.

Ellen Hanetho, Supervisory Board

“The quest for a carbon neutral society is gaining momentum driven by ambitious global environmental targets. With some 20 years within finance as an investor and business developer I find it interesting to see how capital and technological advances will contribute to this development. On this basis, I founded Cercis in 2020 with focus on cleantech investment opportunities to be part of the solution. My board membership in MPC Energy Solutions, as a provider of renewable energy also for emerging markets, is very much aligned with this perspective.”

We pursue an integrated business model, encompassing the entire lifecycle of a renewable energy plant from development, project financing and construction to operation of a renewable energy plant. As a project originator and developer, a plant designer, as well as an operator and long-term owner of an energy-producing asset, we are responsible for the whole value chain of our assets.

In 2020, the Group purchased from MPC Capital a portfolio of solar development projects in Colombia, El Salvador and Jamaica with a total capacity of 332 MWp. In 2021, the Company expects to further develop these projects in order to obtain ready-to-build status as soon as practically possible, depending on progress of the development activities. Considerable progress has been achieved particularly in El Salvador, where, subject to completion of the remaining development milestones, construction of the solar PV plants is expected to commence in the third quarter of 2021 and commissioning of the solar PV plants is expected in the first quarter of 2022. MPC Capital GmbH (subsidiary of MPC Capital) assigned the rights to a solar development project (called “Acacia”) in Jamaica to the Company. The Acacia project is still in an early development stage project, with technical and commercial feasibility assessment ongoing. Given the early stage of the project, there is no dedicated SPV or similar. The Company agreed to compensate MPC Capital for project development incurred until the date of the assignment up to an amount of USD 30,000.

In addition, the Company also acquired a minority preference shareholding in a US-domiciled developer of software to design, control and operate hybrid and mini-grid energy systems with a proprietary project pipeline in Latin America and the Caribbean as well as globally. The strategic partnership will enable us to accelerate our expansion into hybrid and/or mini-grid energy systems and assets within our launch region, but also as a partner with an existing presence and projects in new markets in other growth regions globally. In addition, the minority shareholding grants us an exclusive access at attractive and pre-defined commercial terms to the proprietary project pipeline of the developer in the Caribbean, in the Philippines and Australia. Please refer to note 3 of the consolidated financial statements.

Juan Esteban Hernández, Head of Project Development Latam

"Renewables began for me, with my first Job, when I was hired to identify potential sites for Small hydro power development. After working a while on site, and in the different countries, I began to understand that project development was not only about a financial model, it was about the impact of the project on the surrounding communities. At MPC Energy Solutions we have a solid development approach that involves, not only the technical skills, but also a social strategy and environmental impact assessment that is the foundation of our Environmental and Social Management System (ESMS). This systems ties together, among other factors, the intangible particularities of each project that need to be assessed in order to make to project not only feasible but sustainable."

The first financial year of the Company ends with a negative equity as the starting phase was pre-funded by our sponsor MPC Capital, covering required payments on our way to an independent financing structure and own bank accounts. The funding was provided in the form of shareholder loans which can be considered as "equity-like" instruments. The shareholder loan and the payables to MPC Capital were repaid in the first quarter of 2021.

To fund the Company's business development from 2021 onwards, we have decided to raise equity through a private placement and subsequently list the company on the Euronext Growth segment of the Oslo Stock Exchange as early as in January 2021. The private placement included 2,250,000 shares at an issuing price of NOK 38.50 and resulted in gross proceeds of USD 90 million. The net proceeds from the private placement will be used for the development, construction, and acquisition of renewable energy generation, energy efficiency, energy storage and hybrid assets including renewable and conventional energy generation assets at various stages of development and general corporate purposes including working capital.

At present, further significant investments in renewable energy as well as energy efficiency projects are expected in 2021. We will focus on building a diversified project portfolio in terms of technology and country exposure:

Beyond the development projects under ownership, we have grown our pipeline of further execution projects in the second half of the year 2020. Six highly mature energy efficiency, hybrid and solar PV projects with a total combined capacity of 85 MW are secured by the Group under exclusivity or a right of first refusal. The projects are located in Puerto Rico, Bahamas and Honduras and have an average PPA length of 16 years. Two of these six projects are operational and would provide instant revenue streams to the Group. For the remaining four projects, completion is envisaged by the end of 2021 and in the first half of 2022. Completion of due diligence and final investment decision is expected for Q2 2021.

In addition, we have identified a backlog pipeline of attractive ready-to-build projects in Latin America and the Caribbean. With equity investment ticket sizes ranging from USD 3 million to USD 40 million per project, the solar PV, wind and energy efficiency projects would add a total capacity of 207 MW to our footprint with PPA lengths of up to 20 years. With two operational projects and seven projects that aim to complete construction in 2022 and early 2023, there is ample opportunity for future revenue growth within the Group.

CONSOLIDATED FINANCIAL RESULTS

Income Statement

In the year 2020, the Group's projects were still in the development stage and no revenue was generated for the sale of electricity yet. Personnel expenses, depreciation and other operating expenses during 2020 amounted to an operating loss (EBIT) of USD 0.87 million. Taking into account a net interest expense, the loss before tax was at the same level with USD 0.88 million which equals the reported a loss after tax for the seven-month period ending 31 December 2020. The Management Board has proposed that the net loss for the period is allocated to retained losses.

Financial Position

The Group's total assets amounted to USD 1.31 million as of 31 December 2020. Non-current assets in the amount of USD 0.84 million, mainly comprise of a strategic minority participation in Enernet Global and capitalized development costs as well as right-of-use assets.

Prior to execution of the private placement and listing of new shares in January 2021, the Group was pre-funded with a shareholder loan by MPC Capital, resulting in a negative equity of USD 0.55 million as of 31 December 2020. Current liabilities amounted to USD 1.85 million and mainly comprise payables to MPC Capital and other related parties of USD 1.60 million. Following the equity raised in January 2021, the Group is well capitalized in order to execute on the existing project pipeline.

Cash Flow

During the seven months of its operations in 2020, the Group generated a positive cash flow from operating activities of USD 0.1 million. The cash flow absorbed by investing activities was USD 0.84 million and mainly related to investments into strategic partnership with Enernet Global of USD 0.5 million and investments into project developments of USD 0.34 million. The positive cash flow from financing activities of USD 1.13 million was mainly due to the movement of share capital and shareholder loans during the year.

Largely driven by the above, the total net change in cash and cash equivalents was USD 0.41 million in 2020.

Cash and cash equivalents are USD 0.41 million as of 31 December 2020.

Financial Position

The Company's total assets of USD 1.01 million as of 31 December 2020 included non-current assets of USD 0.65 million, mainly comprise of a strategic minority participation in Enernet Global amounting to USD 0.50 million and a participation in group companies of USD 0.15 million.

Total equity as of 31 December 2020 amounted to a negative USD-0.58 million. Current liabilities of USD 1.53 million mainly include payables to group companies and other related parties of USD 1.38 million.

COMPANY FINANCIAL RESULTS

Income Statement

In line with the Group financial results, the Company reported no revenues in the seven months ended 31 December 2020. Operating expenses of USD 0.75 million led to an operating loss (EBIT) of the same amount. The result of participating interests amounted to USD-0.12 million, leading to a loss after tax of USD-0.88 million.

Financial Position

The Company's total assets of USD 1.01 million as of 31 December 2020 included non-current assets of USD 0.65 million, mainly comprise of a strategic minority participation in Enernet Global amounting to USD 0.50 million and a participation in group companies of USD 0.15 million.

Total equity as of 31 December 2020 amounted to a negative USD -0.55 million. Current liabilities and provisions of USD 1.55 million mainly include payables to group companies and other related parties of USD 1.38 million.

GOING CONCERN

The financial statements of the Company have been prepared on a going concern basis. This assumption is based on the equity capital raise of USD 90 million conducted in January 2021 and, in particular, long-term strategic forecasts for the Group. The Group's economic and financial position is deemed sound.

COVID-19

The COVID-19 outbreak we have all experienced since early 2020 and that has been recognized as a pandemic by the World Health Organisation in March 2020, has impacted our business on many levels. Travel bans imposed by various countries and quarantine requirements have made business travel to project locations more difficult. The Company has a local presence with offices and representatives in Colombia and in Panama which has allowed us to nevertheless stay as close as possible to our project sites and to monitor development progress efficiently. Our core team consists of multinational staff used to working remotely across time zones. As such, the adverse impact of COVID-19 on the development of our business has been minimal to date.

WORK ENVIRONMENT AND EQUAL OPPORTUNITIES

As of 31 December 2020, the Group has two employees. The Company has assessed its working environment, leave of absence, incidences or reporting of work-related accidents resulting in significant material damage or personal injury occurred during the year. There are no issues to report here.

The working situation in the Company in the seven months of our first year of business in 2020 was characterised by COVID-19 and extended home office work for our employees. Our focus has been to provide each employee with the technical equipment required to enable constructive team work regardless of the location. Frequent interaction via online meetings has facilitated the cooperation across time zones and we are well positioned to grow our human capital in the months ahead.

The Group is committed to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

The Group is working actively, determined and systematically to encourage equal rights within our business, and aims to be a workplace with equal opportunities. This is reflected in our Code of Conduct, applicable to the entire Group and to all employees, directors, officers and agents.

CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

The Group is subject to the corporate governance and corporate social responsibility requirements as set out by its policies. The Group shall:

+ operate our business with integrity and respect laws, different cultures and human dignity;
+ operate our business in accordance with fundamental human rights as enshrined in the United Nations Universal Declaration of Human Rights and follow the standards of the International Labour Organization, which are guiding principles encouraged and implemented by the European Union;
+ show consideration for the local communities in which we are a part of
+ contribute to learning and distribution of knowledge; and
+ establish long-term working relationships and utilise the shipping sector's expertise for the further development of the industry.

The corporate governance principles of the Company are adopted by the Board of Directors.

The Code of Conduct may also be found on the Company's website: **www.mpc-energysolutions.com.**

Anastasiia Kravchsyshyn, Associate
"Having graduated from a Master program in International Business and Sustainability, I kept my focus on the ethical, ecological and social implications of corporate value creation processes. Various development theories highlight renewable energy as one of the pillars for achieving sustainable growth. Hence, core business of MPC Energy Solutions is instrumental for climate change mitigation globally, thus directly contributing to creating a better world for future generations while proving to be an attractive business case. Contributing to growing success of MPC Energy Solutions fulfills my personal and professional goals."

MANAGEMENT BOARD

As of 31 December 2020, the Management Board of the Company comprises of one person, the Company's CEO. The Company aims to provide equal opportunities to men and women when selecting new board members with a view to having women represent at least 30% of its members of the Management Board in future.

RENEWABLE ENERGY MARKET UPDATE

Overview of the Renewable Energy Market

The global electricity market expects a doubling of electricity demand by 2050[1]. By then, electricity will become the central energy carrier, growing from a 20% share of final consumption to an almost 50% share – and, as a result, gross electricity consumption would more than double. Renewable power is expected to provide the largest share of global power demand reaching approximately 65% up from approximately 25% today. A constantly decreasing levelized cost of energy (LCOE) for solar PV technology creates favourable pre-conditions for solar PV dominating the electricity generation matrix with approximately 32% in 2050 followed by on-shore and off-shore wind installations comprising approximately 29%.

Latin America and Caribbean are one of the most rapidly developing regions with excellent natural resources and ambitious renewable energy targets. Its forecasted compounded annual GDP growth rates incrementally reach 1.9% by 2030, 3.2% between 2030 and 2040 and 2.7% between 2040 and 2050[2] being above or in line with the global rates. Similarly, GDP per capita in the region will increase from around USD 17,000 in 2017 to around USD 32,000 as a result of economic growth and development in the region. Generally, Latin America and Caribbean comprise a fragmented but scalable region with various energy markets for business growth and development. The IMF characterizes the macroeconomic prospects for the region as generally improving, with growth in both tourism-dependent economies and commodity exporters projected to firm up. The region is expected to benefit from higher economic growth in the United States and the increase of commodity prices[3].

Electricity Prices in Latin America and The Caribbean

With a few exceptions, Latin America and Caribbean electricity prices rank among the highest in the world, largely because of high operating costs linked to rising fuel prices, inefficient transmission and distribution networks, and the inability to benefit from economies of scale given the small market size of individual island states. Geographic remoteness, steep topography, and other characteristics typical of small-island states further increase costs.

[1,2] DNV GL Energy Transition Outlook 2019
[3] Regional Economic Outlook, World Economic Outlook Database, IMF, October 2017; https://www.imf.org/en/Publications/REO/WH/Issues/2017/10/11/wreo1017

Even so, due to the differences in installed capacity, the diversity of generation sources, governmental subsidies and other factors, electricity tariffs charged to residential consumers vary widely. Against a global average residential electricity cost of USD 0.11 per kWh[4], Latin America and Caribbean states vary from USD 0.13 per kWh in Colombia[5] to as high as USD 0.37 per kWh in Antigua and Barbuda[6].

Confronted by permanent challenges associated with energy consumption and generation, Latin America and the Caribbean region stand at a crossroads. Heavy dependence on imported fossil fuels exposes many countries in the region to volatile oil prices and produces high electricity tariffs, limits economic development and social opportunity, and negatively affects human health and the environment. High energy prices from conventional fossil fuelled electricity generation sources are gradually replaced by the cheaper renewable electricity. Hence, there is a strong interest from the governments in the region to prioritize additional electricity generating capacity from renewable energy sources, wind and solar PV in particular. Over the last decade an increase in national pledges towards ambitious renewable energy targets is seen as one of the key measures to contribute to the region's economic development.

Many Latin America and Caribbean states have set ambitious renewable energy goals that are comparable to, or even exceed, targets being set in developed countries. Generally, countries aim to achieve a specific percentage of energy supply through renewables. For example, Barbados, Colombia, Dominica, Dominican Republic, Grenada, Haiti and Honduras have pledged to reach 100% of electricity generation provided by renewable energy sources by 2050. The tendency to set ambitious targets on national levels is evident in the region as the number of countries with pledges has doubled since 2013.

Renewable Energy in Launch Region

Generation and consumption figures for Latin America and the Caribbean region are expected to increase dramatically over the coming years in line with the global electricity demand forecast. Net electricity generation and consumption by 2030 are projected to increase by 76.8% and 81.9%[7] as compared to 2012 figures. This highlights the need for significant investment in new electricity generation capacity as well as widespread adoption of energy efficiency and demand management measures. The region combined requires around 11.5 GW of solar PV and wind capacity to be installed

[4] Climatescope 2018
[5,6] Ibid
[7] Study of Power Sector in CARICOM and Associated Countries in 2019

over the next 10 years. This translates into a required clean energy investment of approximately USD 17.7 billion[8] to meet the region's energy demand growth as well as carbon emissions reductions targets. However, there is a lack of local capital to address this.

OUTLOOK AND STRATEGY

The renewable energy market is expected to continue its strong growth trend in 2021 driven by an increasing energy demand and more countries committing to stricter emission reduction targets. The installed capacity of plants in the solar and wind industry are expected to reach new highs in the coming year. According to the International Energy Association (IEA), global electricity demand experienced its biggest decline (2%)[9] in decades in 2020 due to the historic shock of the COVID-19 crisis, while electricity generation from renewable energy including hydropower, wind and solar grew by almost 7% in 2020.

Global electricity demand is expected to rebound by around 3% in 2021, while renewable power generation is forecasted to grow by more than 6% in 2021, further expanding the share of renewables in the power mix to 29% from 28% in 2020[10]. Latin America and the Caribbean region have set particularly dynamic growth targets for their generation of renewable power.

MPC Energy Solutions is well placed to address the Latin American and Caribbean clean energy market opportunity. To further grow its operation, the Group intends to develop, construct and acquire renewable energy generation, energy efficiency, energy storage and hybrid assets at various stages of development or operation. To fund such growth, the Group has completed a USD 90 million equity private placement in January 2021.

The Group conducts own project development activities and intends to further increase its workforce going forward.

RISK FACTORS

The Company is exposed to a variety of risks. It is considered practically impossible to systematically and sustainably generate risk-free profit. Risks are part and parcel of every company's business activities, and dealing with these risks is among the most important entrepreneurial duties. The Management Board aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities. A summary of the Company's risk categories is outlined below. Descriptions are not exhaustive, and the sequence of risk categories is not set out according to importance or priority.

Martin Perciante, Director Energy Efficiency & Hybrid Projects
"Energy efficiency in its many applications, has an automatic positive financial effect for those who implement it, but there is also an underlying contribution to a holistic philosophy of sustainability. I am personally devoted to this purpose not only in my work but also in my everyday life, I find it both challenging and motivating. I am proud and fully committed to boost energy efficiency as a member of MPC Energy Solutions."

[8] Climatescope 2018
[9] IEA Electricity Market Report December 2020
[10] Ibid

Market and Operational Risks

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

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

There can be no assurance that any or all of the power purchasers, both public and corporate off-takers, will fulfil their obligations under their PPAs. There are additional risks relating to the PPAs, including the occurrence of price volatility or events beyond the control of an off-taker that may excuse it from its obligations under the PPA. Although the Company will take reasonable steps to conduct adequate due diligence in respect of such counterparties, such counterparties may fail to perform their obligations in the manner anticipated by Company. This may result in unexpected costs or a reduction in expected revenues for the Company. The Company has established an extensive project pipeline, but further growth of the business will depend on several factors such as project availability, governmental licenses and approvals, access to competitive financing, price development for alternative sources of energy and the regulatory and economic framework in the relevant markets the Company operates. The Company mitigates these risks through comprehensive due diligence processes that are done in close cooperation with several advisors.

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

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

Fernando Zuniga, Business Development

"Renewable Energies was already a topic of my master´s thesis 11 years ago and has since then been my work focus. Bringing renewable energies to the Latam regions, where fossil fuels are still dominant energy sources, is however not only a job description but a purpose I am solely devoted to and which working for MPC Energy Solutions has made possible."

Financial Risks

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

Political and Legal Risks

The Company holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities, among others in connection with obtaining licenses and permits, government guarantees, taxation and other obligations regulated by law. Regulatory authorities exercise considerable discretion in matters of, for example, enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits or capital transfer restrictions. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can negatively impact the Group's operations, business, financial performance and prospects. The Company intends to mitigate political risk in emerging markets through, for example, relationships with local governance and regulatory bodies and partnerships with development banks as project finance lenders. In addition, political and legal risk is addressed by diversifying the exposure to individual countries.

Environmental, Social and Governance Risks

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

Personnel Risks

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

IT Risks

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

FORWARD-LOOKING STATEMENTS

Forward-looking statements presented in this annual report are based on various assumptions. The assumptions are subject to uncertainties and contingencies that are difficult or impossible to predict. MPC Energy Solutions N.V. cannot give assurances that expectations regarding the outlook will be achieved or accomplished.

Kathryn Baker, Supervisory Board

“Amongst my experiences of over 30 years in a broad range of industries has been my role on the Investment Committee of Norfund, a DFI with focus on building infrastructure and critical business in developing countries. This has sharpened my focus on ESG and development goals in investments. I am pleased and honoured to expand this focus on the environmental cause through my work with MPC Energy Solutions as a Supervisory Board Member.”

Responsibility Statement

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

29 April 2021

The Management Board of MPC Energy Solutions N.V.

Martin Vogt

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REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

The Company was founded in early June 2020 but has commenced its actual operational business only with the successful private placement and subsequent listing at the Oslo stock exchange in January 2021. In 2020, the Company conducted a selection process for its Supervisory Board members, focusing on independent individuals with a long track record of advising and supervising companies in the renewable energies industry.

On 19 January 2021, the Extraordinary General Meeting of the Company determined the total number of Supervisory Directors at five and appointed Ms. Kathryn Baker, Ms. Ellen Hanetho, Mr. Kjell Roland, Mr. Ignace Van Meenen and Mr. Ulf Holländer, each for a period of four years. Ulf Holländer was nominated as Chairman of the Supervisory Board. The Supervisory Board Members were selected with an aim to provide equal opportunities to men and women. As such, women represent 40% of the Supervisory Board. The Supervisory Board's role will be to advise the Management Board on its management of the Company and to monitor and examine its work and actions on a regular basis.

Throughout the first months of the year 2021, the Supervisory Board maintained a continuous dialogue with the Management Board and received regular, timely and comprehensive verbal, telephone and written reports about the current position of the Company, allowing the Supervisory Board to fulfil the control and advisory duties required of it by law and the Articles of Association of MPC Energy Solutions with diligence.

In our regular consultations we considered in detail the Company's financial position and the success of its private placement and listing on the Euronext Growth segment of the Oslo stock exchange. Furthermore we advised the Company on risk management and the compliance aspects. The Management Board also held regular discussions with the Supervisory Board Chairman on the prevailing business situation and on material transactions within the Company, most notably the progress made in the development of the Company's project pipeline and resulting strategic considerations.

Going forward, the Supervisory Board will discuss and decide on transactions that require our consent at our regular scheduled Supervisory Board meetings, where the Management Board will be available to us to discuss and answer questions in detail. The Supervisory Board will also continue to receive comprehensive information on time-critical measures and decisions between meetings. In addition, we may pass written circular resolutions for transactions by the Management Board that require our consent.

Considering the scope of the Company's operations, the Supervisory Board considers it reasonable and appropriate that the Company should have a Nomination and Compensation Committee to determine the remuneration of the Managing Directors in accordance with the remuneration policy adopted by the General Meeting on 19 January 2021 and to nominate further Managing Directors of the Company.

The Nomination and Compensation Committee was formed by the Supervisory Board on 28 January 2021 and is made up of Ms. Kathryn Baker, Ms. Ellen Hanetho and Mr. Ulf Holländer (Chairman). The committee shall account for the interests of the shareholders when considering the composition of the Management Board. This is done by (i) seeking a diverse and highly qualified pool of candidates with relevant competence and industry expertise and (ii) ensuring that shareholder input on nomination, election and evaluation are properly addressed.

The Chairman of the Nomination and Compensation Committee has identified a suitable candidate to join the Company's Management Board as Chief Financial Officer on 1 May 2021. On 24 March 2021, the Nomination and Compensation Committee issued a binding nomination of the candidate. The Supervisory Board will request the General Meeting on 30 June 2021 to accept the nomination and to appoint Mr. Stefan Meichsner as Chief Financial Officer of the Company.
The Supervisory Board will discuss the formation of a potential Audit Committee in the second half of 2021.

On 19 January 2021 the General Meeting of the Company adopted the remuneration of each Supervisory Director at EUR 25,000 per annum. There were no fees to the Supervisory Board for the financial year 2020.

Audit of the financial statements

Ernst & Young Accountants LLP Netherlands was appointed as the auditor of the annual and consolidated financial statements by resolution of the Extraordinary General Meeting on 19 January 2021 and mandated accordingly by the Supervisory Board. Ernst & Young Accountants LLP audited the annual company financial statements and the consolidated financial statements of the MPC Energy Solutions Group, including the bookkeeping, as well as the combined management report and Group management report, and issued an unqualified audit opinion. The annual consolidated financial statements and the company financial statements were prepared in accordance with IFRS as adopted by the EU and the provisions of Part 9, Book 2, of the Dutch Civil Code. The auditor conducted the audit in accordance with Dutch law, including the Dutch Standards on Auditing. The annual financial statements, the combined management report and Group management report as well as the full audit reports by Ernst & Young Accountants LLP for the 2020 financial year were provided to all of the members of the Supervisory Board, enabling the Supervisory Board to fulfil its auditing and supervisory duties in full.

The auditor provided a comprehensive report on the findings of its audit and was available to answer additional questions of the Supervisory Board in a meeting. In view of the restrictions on contact during the COVID-19 pandemic, the meeting was held virtually.

Following its detailed review and examination, the Supervisory Board of MPC Energy Solutions N.V. on 29 April 2021 approved the annual consolidated financial statements and the company financial statements including the combined management report and Group management report as well as the corresponding audit report for the year ended 31 December 2020.

29 April 2021

The Supervisory Board of MPC Energy Solutions N.V.

Ms. Kathryn Baker

Ms. Ellen Hanetho

Mr. Kjell Roland

Mr. Ulf Holländer
(Chairman)

Mr. Ignace Van Meenen

ANNUAL REPORT 2020

CONSOLIDATED FINANCIAL STATEMENTS

Content

1. Consolidated Statement of Financial Position

(before appropriation of results)

Assets, Equity and Liabilities			Notes	31/12/2020 USD
A.	Assets			**1,307,503**
	I.	Non-current Assets		**842,890**
		1. Property plant and equipment	1	316,634
		2. Right-of-use assets	2	26,285
		3. Financial fixed assets	3	500,000
	II.	Current assets		**464,584**
		1. Trade and other receivables	4	53,102
		2. Cash and cash equivalents	5	411,482
B.	Equity and Liabilities			**1,307,503**
	I.	Equity	6	**-546,655**
		1. Shareholder's equity		-547,405
		2. Non-controlling interest		750
	II.	Current Liabilities	7	**1,854,158**
		1. Trade and other payables		146,527
		2. Payables to group companies		1,056,224
		3. Payables to other related parties		539,740
		4. Taxes and other social securities		3,773
		5. Accruals and deferred income		107,894

2. Consolidated Income Statement

	Notes	04/06/2020 - 31/12/2020 USD
Employee expenses	8	-48,079
Depreciation	9	-501
Other operating expenses	10	-821,793
Operating result (EBIT)		**-870,373**
Finance income		14,158
Finance costs		-20,660
Profit/Loss before income tax (EBT)		**-876,815**
Income tax expenses		0
Profit/Loss for the period		**-876,815**
Attributable to:		
Equity holders of the Company		-876,801
Non-controlling interest		-14
Basic earnings per share – in USD		**-0.67**
Diluted earnings per share – in USD		**-0.67**

3.
Consolidated Statement of Comprehensive Income

	04/06/2020 - 31/12/2020 USD
Profit/loss for the period	-876,815
Items that may be subsequently transferred to profit or loss	
Foreign currency effects, net of taxes	35,126
Items that will not be subsequently transferred to profit or loss	**0**
Other comprehensive profit/loss, net of taxes	**0**
Total comprehensive profit/loss	**-841,689**
Attributable to:	
Equity holders of the Company	-841,675
Non-controlling interest	-14

4. Consolidated Statement of Changes in Equity

	Notes	Share capital USD	Other capital reserves USD	Legal reserves USD	Retained losses USD	Total equity attributable to the equity holders of the Company USD	Non-controlling interest USD	Total equity USD
Equity as at 4 June 2020	14	54,900	0	0	0	54,900	0	54,900
Capital increase	6, 14	219,600	0	0	0	219,600	754	220,354
Exchange rate results	14	0	-9,450	35,126	0	25,676	0	25,676
Capital increase asset acquisition	14	0	29,220	0	0	29,220	10	29,230
Result of the period		0	0	0	-876,801	-876,801	-14	-876,815
Equity as at 31 December 2020		**274,500**	**19,770**	**35,126**	**-876,801**	**-547,405**	**750**	**-546,655**

5. Consolidated Statement of Cash Flows

	Notes	04/06/2020 - 31/12/2020 USD
Operating activities		
Profit/Loss before income tax		-876,815
Depreciation	9	501
Adjustments in working capital:		
- Net change in current assets		-53,102
- Net change in current liabilities		1,049,446
Finance income	11	-14,158
Finance costs	12	20,600
Interest received		0
Interest paid		-4,266
Income tax paid		0
Net cash flow from / (used in) operating activities		**122,206**
Investing activities		
Investments in property, plant and equipment	1	-317,135
Investments in rights of use assets	2	-26,285
Investment in financial fixed assets	3	-500,000
Net cash flow from / (used in) investing activities		**-843,420**
Financing activities		
Proceeds from share issuance	14	265,050
Capital increase asset acquisition	14	64,346
Loan from related party	7	803,300
Net cash flow from / (used in) financing activities		**1,132,696**
Net change in cash and cash equivalents	5	411,482
Cash and cash equivalents at beginning of period	5	0
Cash and cash equivalents at the end of period		**411,482**

6.
Notes to the Consolidated Financial Statements

GENERAL

Company profile

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

The registered and actual address of MPC Energy Solutions N.V. is Strawinskylaan 1547, in Amsterdam and is registered at the chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020.

As of 31 December 2020, the Company was controlled by its sole shareholder MPC Capital Beteiligungsgesellschaft mbH & CO. KG. On 22 January 2021, the shares of the Company were listed on Euronext Growth Oslo in conjunction with a private placement of shares in the Company (see Post balance sheet events).

The financial statements were approved by the Company’s Management Board on 29 April 2021.

Going concern

The financial statements are based on the going concern assumption.

COVID-19

In March 2020 the outbreak of COVID-19, a virus causing potentially deadly respiratory tract infections, was recognized as a pandemic by the World Health Organisation. Governments in affected countries are imposing travel bans, quarantines and other emergency public safety measures. Those measures, though temporary in nature, may continue and increase depending on developments in the virus' outbreak. The virus is expected to negatively impact regional and global economic conditions.

COVID-19 has not yet significantly impacted our development projects acquired until 31 December 2020; our business partners have thus far been able to continue their work. There is a risk that more severe Government measures to prevent the spread of the virus will disrupt the development and construction sites and supply chain, causing delays in construction, development and operation of the project acquired until 31 December 2020.

Management is monitoring the situation as it unfolds and taking proportionate and appropriate measures to protect our people and the business. Management is actively monitoring the situation on a daily basis. The ultimate severity of the impact of COVID-19 is uncertain at this time and there are wide ranging estimates of macro-economic risks associated with the virus and potential government responses. These are hard to evaluate, and it is therefore not possible to reliably predict the ultimate impact on the business. In particular in view of the successful equity private placement, management prepared the financial statements on a going concern basis.

Significant judgements, estimates and assumptions

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

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

- Accounting of acquisitions: The Group acquired a portfolio of solar development projects located in Colombia via a Share Purchase Agreement (MPC Energy Solutions Colombia S.A.S.) from a subsidiary of MPC Capital AG for a consideration of USD 0.2 million. In addition, MPC Energy Solutions N.V. has entered into assignment agreements with a subsidiary of MPC Capital AG for all rights and interests in and to the El Salvadoran company BZ Ingenieros Constructores, S.A. for a performance-based purchase price. Both acquisitions are transactions under common control. There is no separate standard in IFRS that provides accounting guidance for transactions under common control. In line with IAS 8, in the absence of an IFRS that specifically applies to this transaction, management used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In determining how to account for these transactions management considered whether the transactions occurred are business combinations or asset acquisitions. MPC also considered whether the transaction is at fair value and whether it is a party to the contract. As the acquisitions relate to development projects, MPC has accounted for these as acquisition of assets for cash or shares or for no consideration. Assets and liabilities acquired are recognized at fair value regardless of the values in any agreement, with any difference between that amount and fair value recognized as an equity transaction.

- Leases: The Group determines lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension, termination options and purchase options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease or acquire a property. For projects under development it is not deemed reasonably certain that the Group will exercise the options to lease/acquire or not make use of options to terminate lease contracts, and hence the periods covered by the options are not included term of the lease and purchase options are not included in the lease liability.

- Capitalization of development expenses: The Group capitalizes expenses for existing development projects, based on management's judgment that the corresponding projects are technically and commercially viable and it is probable that they will lead to future economic benefits.

- Going concern: Judgment has been applied in management's decision to prepare the financial statements on a going concern basis. This judgment is based on the successful equity private placement in January 2021 and the existing project pipeline to develop the business of the Group.

Assumptions and estimation uncertainties

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

- Estimated useful life of equipment: The useful life of office equipment is estimated as 5 years, considering expected physical wear and tear and technical or commercial obsolescence.

- Valuation of equity instruments: it has been determined that cost price is the best estimate for fair value of this investment as sufficient more recent information is not available yet.

Group structure

The consolidated financial statements comprise the financial statements of MPC Energy Solutions NV and its subsidiaries as at 31 December 2020. The assets and liabilities, expenditure and income may only be included in the consolidated financial statements for subsidiaries over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

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

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

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

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

List of participating interests

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

Name, statutory registered office, date of acquisition	Share in issued capital	Included in consolidation
MPCES Holding B.V., Amsterdam, The Netherlands (as from 8 September 2020)	100.00%	Yes
MPC Energy Solutions Colombia S.A.S., Bogota, Colombia (as from 8 September 2020)	100.00%	Yes
Bonilla Zelaya Ingenieros Constructores, S.A. de C.V., San Salvador, El Salvador (as from 4 September 2020)	99.50%	Yes
Enernet Global Inc., Delaware, USA, (as from 14 September 2020)	1.5%	No

Segment information

As of the date of the financial statements, the Group is organized in one operating segment, i.e. development of solar PV projects.

As of 31 December 2020, the Group is active in the Caribbean and Latin America as its launch region and going forward it is expected that the Group will expand its business globally.

The Group is in the start-up phase of its business with no operational assets as of 31 December 2020. Therefore, at this stage, the Group has not generated revenues and has no major customers yet.

New and amended standards and interpretations

The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued. New and amended standards not yet effective are not expected to have a significant impact on the consolidated financial statements of the Group.

Reporting period different than annual

The company was incorporated on 4 June 2020. The first financial year runs from this date up to and including December 31, 2020. Otherwise, the Company's financial year corresponds to the calendar year.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

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

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

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

Financial statement classification

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

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

Current assets are assets that are:

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

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

Current liabilities are those that are:

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

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

FOREIGN CURRENCY

Functional and presentation currency

Items included in the consolidated financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency), i.e. revenues, expenses as well as other financial obligations are predominantly denominated in such functional currency. The consolidated financial statements are presented in USD, which is the functional and presentation currency of the Company.

Foreign currency translation

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

In accordance with IAS 21, amounts consolidated from subsidiaries which have a different functional currency are translated into the functional currency using the exchange rates prevailing at the balance sheet date, with related translation impact recorded within OCI. All entities consolidated as of 31 December 2020 have USD as functional currency. The USD mainly influences sales prices for goods and services in the energy sector and geographical area the company is active.

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

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

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Property, plant and equipment

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

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

Projects under development

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

Following initial recognition of the development expenditure as an instantiable asset, the asset is carried at cost less any accumulated impairment losses. Amortization or deprecation of the asset begins when development is complete and the development projects enter into the operational phase.

ASSET ACQUISITIONS

Acquisition of assets and liabilities that does not constitute a business

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

- it identifies the individual identifiable assets acquired and liabilities assumed that it recognizes at the date of the acquisition;
- it determines the individual transaction price for each identifiable asset and liability by allocating the cost of the group based on the relative fair values of those assets and liabilities at the date of the acquisition; and then
- it applies the initial measurement requirements in applicable IFRSs to each identifiable asset acquired and liability assumed. The Group accounts for any difference between the amount at which the asset or liability is initially measured and its individual transaction price applying the relevant requirements

Transactions under common control

Transactions often take place between a parent entity and its subsidiaries or between subsidiaries within a group that may or may not be carried out at fair value. Transactions under common control that involves the acquisition of a business is out of scope of IFRS 3. The Group has not acquired any business under common control for the period ended 31 December 2020.

The Group acquired development projects from entities under common control for the period ended 31 December 2020. These acquisitions does not constitute a business combination, and have been accounted for as an acquisition of assets for cash or shares or for no consideration. Assets and liabilities acquired are recognized at fair value regardless of the values in any agreement, with any difference between that amount and fair value recognized as an equity transaction.

Leases

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

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

Group as a lessee

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

Lease liabilities

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

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

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

Right-of-use assets

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

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

Short-term leases and leases of low-value assets

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

FINANCIAL INSTRUMENTS

Financial assets

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

Subsequent measurement

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

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

At 31 December 2020, the Group has financial assets at amortized cost and financial assets designated at fair value through OCI (equity instruments).

Financial assets at amortized cost

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

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

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

Financial assets designated at fair value through 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 or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in 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.

Impairment of financial assets

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

For trade and other receivables, the Group applies the simplified approach to provide for lifetime expected credit losses in accordance with IFRS 9. The nominal amount is considered to approximate the amortized cost method due to the short maturity of the receivables. In 2020 the expected credit loss is insignificant and therefore not recognized.

Derecognition of financial assets

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

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

Financial liabilities

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

Subsequent measurement of financial liabilities

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

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

At 31 December 2020, the Group has financial liabilities at amortized cost.

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 or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

Fair value measurement

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

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

Impairment of non-current assets

Non-current assets are assessed for impairment indicators each reporting period. If impairment indicators are identified, the recoverable amount is estimated; and if the carrying amount exceeds its recoverable amount an impairment loss is recognized, i.e. the asset is written down to its recoverable amount. An asset's recoverable amount is calculated as the higher of the fair value less cost of sale and its value in use. The fair value is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal and the value in use is the present value of estimated future cash flows expected from the continued use of an asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's 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 expected credit losses. For trade and other receivables, the Group applies the simplified approach to provide for lifetime expected credit losses in accordance with IFRS 9. The nominal amount is considered to approximate the amortized cost method due to the short maturity of the receivables. No impairment losses are recognized in 2020, hence no expected credit losses was assessed.

Cash and cash equivalents

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

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

Provisions

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

Current liabilities

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

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Depreciation

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

- Office equipment: 5 years

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

Operating expenses

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

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

Financial income and expenses

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

TAXES

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

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

Sales tax

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

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

Earnings per share

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

ACCOUNTING PRINCIPLES FOR PREPARATION OF THE CONSOLIDATED CASH FLOW STATEMENT

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

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

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

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

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

7.
Notes to the Consolidated Balance Sheet

ASSETS

1. PROPERTY, PLANT AND EQUIPMENT

	Equipment USD	Assets under development USD	Total USD
Movement			
Investments	4,548	312,587	317,135
Depreciation charge	-501	-	-501
	4,047	**312,587**	**316,634**
Carrying amount as of 31 December 2020			
Accumulated costs	4,548	312,587	317,315
Accumulated depreciation and impairment	-501	-	-501
Carrying amount as of 31 December 31 2020	**4,047**	**312,587**	**316,634**
Depreciation rates			
Equipment			20%
Assets under development			0%

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

- Parque Solar Pacandé, Natagaima, Tolima
- Parque Solar Girasoles, Abrego, Norte de Santander
- Parque Solar Valle del Sol, Tibasosa, Boyacá
- Parque Solar Las Margaritas, Cucuta, Norte de Santander
- Parque Solar Mata Redonda, Tibasosa, Boyaca
- Nejapa Solar

2. LEASE - RIGHT OF USE ASSET

	Land Lease USD
Carrying amount as of 4 June 2020	**-**
Addition	26,285
Amortization	-
Carrying amount as of 31 December 2020	**26,285**
Accumulated cost	26,285

The total amount paid for Lease – Right of use assets amounts to USD 32,020 of which USD 5,735 has been capitalized as Assets under construction.

Set out above are the carrying amounts of right-of-use assets recognized and the movements during the period. Given that the lease payments were prepaid in full, there is not lease liability to be recognized.

3.FINANCIAL FIXED ASSETS

	31/12/2020 USD
Investment in equity instruments	500,000
Investment in equity instruments	
Enernet Global Inc. at Delaware, USA	500,000

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

CURRENT ASSETS

4. TRADE AND OTHER RECEIVABLES

	31/12/2020 USD
Receivables from group companies	754
Taxes and social securities	46,222
Prepayments and accrued income	6,126
	53,102
Receivables from group companies	
Enernet Global Inc. at Delaware, USA	-
MPC Capital Beteiligungsgesellschaft mbH & Co KG	754
	754
Taxes and social securities	
Corporate income tax	5,298
VAT	40,924
	46,222

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

	31/12/2020 USD
Prepayments and accrued income	
Prepaid expenses, project under construction	6,126

In 2020 the expected credit loss is insignificant and therefore not recognized.
The total maximum exposure of credit risk related to the current assets is USD 53,102.

5. CASH AND CASH EQUIVALENTS

	31/12/2020 USD
Bank deposit	411,482

The cash and cash equivalents are free available, there are no restrictions on use.

EQUITY AND LIABILITIES

6. GROUP EQUITY

Shareholder's equity

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

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

As of 31 December 2020, the sole shareholder of the Company is MPC Capital Beteiligungsgesellschaft mbH & Co. KG. The total number of outstanding shares was 2,250,000 at par value EUR 0.1 per share as of 31 December 2020.

Please refer to the notes to the non-consolidated balance sheet on page [66] of this report for an explanation of the equity and further information on the capital increase after the balance sheet date.

	04/06/2020 - 31/12/2020 USD
Non-controlling interests	
Carrying amount as of 4 June 2020	-
Non-controlling interest	750
Carrying amount as of 31 December 2020	**750**

The non-controlling interest relates to a minority interest in Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.

7. CURRENT LIABILITIES

	31/12/2020 USD
Trade and other payables	**146,527**

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

	31/12/2020 USD
Payables to group companies	
Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	816,019
Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	240,205
	1,056,224

	31/12/2020 USD
Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	
Carrying amount as of 4 June 2020	-
Loan drawn down	803,300
Interest	12,719
Carrying amount as of 31 December 2020	**816,019**

An interest rate of 5.00% is applicable. The loan has been repaid in March 2021. No securities were provided.

	31/12/2020 USD
Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	
Carrying amount as of 4 June 2020	-
Expenses paid on behalf of the company	240,205
Carrying amount as of 31 December 2020	**240,205**

The current account bears no interest and no securities have been provided. The amount has been repaid in March 2021.

	31/12/2020 USD
Payables to other related parties	
MPC Renewable Energies GmbH	210,308
MPC Capital AG	329,432
	539,740

The payables to other related parties bear no interest and no securities have been provided. The amounts will be repaid during 2021.

Taxes and social securities	
Wage tax	3,773
Accruals and deferred income	
Audit fees	42,495
Legal and consulting fees	60,583
Other	4,816
	107,894

8.
Notes to the Consolidated Profit & Loss Account

8. EMPLOYEE EXPENSES

	04/06/2020 - 31/12/2020 USD
Wages and salaries	38,186
Social security charges	8,290
Other personnel costs	1,603
	48,079

As of 31 December 2020, the Group employed two persons.

9. DEPRECIATION OF TANGIBLE FIXED ASSETS

	04/06/2020 - 31/12/2020 USD
Equipment	501

10. OTHER OPERATING EXPENSES

	04/06/2020 - 31/12/2020 USD
Office expenses	1,302
Selling and distribution expenses	17,910
General expenses	802,581
	821,793
Office expenses	
Office supplies and printing	1,076
Communication	113
Fees and subscriptions	113
	1,302

	04/06/2020 - 31/12/2020 USD
Selling and distribution expenses	
Marketing and PR	9,559
Travelling expenses	8,351
	17,910
General expenses	
Management fees	292,575
Audit fees	93,052
Legal and consulting fees	391,091
Other general expenses	25,863
	802,581

Legal fees mainly relate to incorporation and capital increase of the company and registration with the stock exchange. All audit fees related to audit services in connection with the listing of the shares of the Company.

AUDIT FEES

	04/06/2020 - 31/12/2020 USD
Audit fees year 2020	93,052
Services non audit related	0
	93,052

Audit fees are the fees paid to the Company's auditor Ernst & Young Accountants LLP (Dutch statutory auditor). All fees relate to book year 2020 and no expenses were paid to the auditor for non-audit related services.

9.
Other Notes to the Consolidated Accounts

CORPORATE INCOME TAX

The parent company is subject to ordinary corporation tax in the Netherlands.
The corporate income tax position can be calculated as follows:

	04/06/2020 - 31/12/2020 USD	**Rate**
Basis for ordinary corporation tax expense		
Loss before taxes	-876,801	
Tax at statutory rate	-219,200	25%
Non deductible costs	5,731	-1%
Write off of deferred tax assets	213,469	-24%
Total tax expense	**0**	**0%**

As at 31 December 2020 the tax loss carried forward amounts to USD 767,390. This amount can be carried forward during the coming six years. In EUR the tax loss carried forward is EUR 622,976.

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

The effective tax rate is 0% for reporting period.

EARNINGS PER SHARE

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

	04/06/2020 - 31/12/2020 USD
Profit/(loss) for year attributable to ordinary equity holders	-876,801
Weighted average number of shares outstanding, basic	1,305,000
Basic earnings per share	**-0.67**

There are currently no instruments outstanding as of 31 December 2020 with a potentially dilutive effect on earnings per share.

Because of lack of revenues during 2020, given the development stage of the entity no overviews of revenues per geographical area or major client groups are presented according to IFRS 8.

FINANCIAL INSTRUMENTS

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

	Carrying Amount USD	**Fair values** USD
Financial assets designated at fair value through OCI		
Equity instruments	500,000	500,000
Financial assets at amortized cost		
Trade and other receivables	754	754
Cash and cash equivalents	411,482	411,482
Total financial assets	**912,236**	**912,236**
Financial liabilities at amortized cost		
Trade payables	146,527	146,527
Other current liabilities	1,595,964	1,595,964
Total financial liabilities	**1,742,491**	**1,742,491**

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

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

FINANCIAL RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of the date of financial statements, the Group has no outstanding long-term debt. Going forward, the Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group may then manage its interest rate risk by using interest rate hedging instruments.

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

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

Credit risk

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

It is the aim of the Group to enter into contracts with creditworthy counterparties only. Prior to concluding a power purchase agreements, the Group evaluates the credit quality of the off-take partners, assessing its financial position, past experience and other factors. Bank deposits are only deposited with recognized financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity and/or undrawn committed credit facilities at all times to meet its obligations. To ensure this, the Group continuously monitors projected cash flows using a liquidity planning tool. See the note disclosure on Subsequent Events for further description with respect to liquidity risk, COVID-19 and the equity capital increase performed in January 2021.

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

USD	< 1 year	1-5 years	> 5 years	Total
Trade and other payables	146,527	-	-	146,527
Payables to group companies	1,056,224	-	-	1,056,224
Payables to other related parties	539,740	-	-	539,740
Taxes and social securities	3,773	-	-	3,773
Accruals and deferred income	107,894	-	-	107,894
Total	**1,854,158**	**-**	**-**	**1,854,158**

Commitments

The Group has the following off-balance sheet commitment as at 31 December 2020:

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

Related parties disclosures

The Group has during 2020 had the following transactions with related parties that were carried out as part of the normal course of business and in establishing the Company

The Group has entered into a loan agreement with MPC Capital Beteiligungsgesellschaft mbH & Co. KG, a subsidiary of MPC Capital AG, regarding a shareholder loan in the nominal amount of USD 803,300. The loan is due on 31 December 2021 and carries an interest rate of 5% p.a. The loan was repaid in March 2021 following the equity private placement of the Company.

During 2020, MPC Capital AG has provided management services to the Group in relation to corporate management and administration as well as the start-up of the Group. Total expenses for these services in 2020 were USD 292,575.

The Group acquired a portfolio of solar development projects located in Colombia with a total via a corresponding SPV (MPC Energy Solutions Colombia S.A.S) from a subsidiary of MPC Capital AG for a consideration of USD 0.2 million. In addition, the Group has entered into assignment agreements with a subsidiary of MPC Capital AG for all rights and interests in and to the El Salvadoran company BZ Ingenieros Constructores, S.A. and all rights and interests in an early stage development project in Jamaica.

As of 31 December 2020, the total amount due to MPC Capital group is USD 1,303,389.
No payments were made to the management of the Company.

Post balance sheet events

On 7 January 2021, the Company closed an equity private placement of 20,000,000 new shares at a nominal value of EUR 0.10 and a subscription price of NOK 38.50 per share in an equity private placement, resulting in gross proceeds of USD 90 million (approx. EUR 75 million). Following the corresponding share capital increase completed on 19 January 2021, the Company has a share capital of EUR 2,225,000 divided into 22,250,000 shares, each with a nominal value of EUR 0.10.
On 19 January 2021, the Company entered into a warrant agreement with MPC Capital Beteiligungsgesellschaft mbH & Co. KG: MPC Capital Beteiligungsgesellschaft mbH & Co. KG has been given the right, but not the obligation, to acquire shares in the amount equal to 10% of all shares issued in the pre-listing placement, each at an exercise price which starts at NOK 38.50 per share and which increases by 8% over five tranches. The subscription rights may not be exercised later than eight (8) years after the first Euronext Growth Oslo listing date.

On 22 January 2021, the shares of the Company were listed Euronext Growth Oslo.
On 28 January 2021, the Company made use of its option to increase its participation in Enernet Global Inc. by an amount of USD 2.5 million.

On 10 March 2021, the Company entered into a land lease agreement for the purpose of developing a 72.5 MWp solar PV project in Jamaica. Under the agreement, the Company leases approx. 220 acres of land for a term of at least 25 years. Given that the project is in the development phase, the lease agreement contains termination options so that the fixed commitment amounts to approx. USD 20,000.

On 21 April 2021, a subsidiary of the Company signed a 12-year power purchase agreement for Parque Solar Los Girasoles, a 9.5 MW solar PV project under development in Colombia.

ANNUAL REPORT → 2020

COMPANY FINANCIAL STATEMENTS

Content

1.
Statement of Financial Position

(before appropriation of results)

Assets, Equity and Liabilities			Notes	31/12/2020 USD
A.	**Assets**			**1,007,119**
	I.	**Non-current Assets**		**649,256**
		1. Financial fixed assets	11	649,256
	II.	**Current assets**		**357,863**
		1. Trade and receivables	12	150,267
		2. Cash and cash equivalents	13	207,596
B.	**Equity and Liabilities**			**1,007,119**
	I.	**Equity**		**-547,405**
		1. Share capital	14	274,500
		2. Capital increase asset acquisition	14	19,770
		3. Legal reserves	14	35,126
		4. Result book year	14	-876,801
	II.	**Provisions**	15	**56,495**
	III.	**Current Liabilities**	16	**1,498,029**
		1. Trade and other payables		17,004
		2. Payables to group companies		1,056,224
		3. Payables to other related parties		329,740
		4. Accruals and deferred income		95,061

2. Income Statement

	Notes	31/12/2020 USD
Other operating expenses	17	-752,620
Operating result (EBIT)		**-752,620**
Finance income	18	14,158
Finance expense	19	-16,753
Financial income and expenses		-2,595
Profit/Loss before income tax (EBT)		**-755,215**
Income tax		**0**
Result of participating interests	20	-121,586
Profit/Loss for the period		**-876,801**

3.
Notes to the Company Financial Statements

Basis of preparation

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

SIGNIFICANT ACCOUNTING POLICIES

Financial fixed assets

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

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

Profit of participating interests

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

Amounts due from group companies

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

4.
Notes to the Company Balance Sheet

FIXED ASSETS

11. FINANCIAL FIXED ASSETS

	31/12/2020 USD
Participations in group companies	149,256
Investment in equity instruments	500,000
	649,256
Participations in group companies	
Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.	149,256

	04/06/2020 - 31/12/2020 USD
Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.	
Carrying amount as of 4 June 2020	-
Investments	150,000
Share in result	2,734
Existing equity at purchase date	1,990
Carrying amount as of 31 December 2020	**149,256**

	31/12/2020 USD
Investment in equity instruments	
Enernet Global Inc. at Delaware, USA	500,000

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

	04/06/2020 - 31/12/2020 USD
Enernet Global Inc.	
Carrying amount as of 4 June 2020	-
Investments	500,000
Carrying amount as of 31 December 2020	500,000

CURRENT ASSETS

12. TRADE AND OTHER RECEIVABLES

	31/12/2020 USD
Receivables from group companies	
MPCES Holding B.V.	150,267
MPC Capital Beteiligungsgesellschaft mbH & Co KG	-
	150,267

13. CASH AND CASH EQUIVALENTS

	31/12/2020 USD
Ostfriesische Volksbank EUR	206,527
Ostfriesische Volksbank USD	1,069
	207,596

The cash and cash equivalents are free available, there are no restrictions on use.

EQUITY AND LIABILITIES

14. EQUITY

	31/12/2020 USD
Issued share capital	
Subscribed and paid up 2,250,000 ordinary shares at par value € 0.10	274,500

At the moment of founding the company the authorized share capital was EUR 180,000 divided in 180,000 shares with a nominal value of EUR 1. In total 45,000 shares were issued.

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

As of 31 December 2020, the Company's share capital is USD 274,500 comprised of 2,250,000 shares with a nominal value of EUR 0.10 per share.

The shares originally issued in EUR are valued at an exchange rate at balance date at the end of year (1 EUR = 1.22 USD). For the difference in valuation between of exchange rates at issue date and this rate a decrease of other capital reserve has been booked for USD 9,450. The exchange rate at 4 June 2020 was 1 EUR = 1.13 USD for and the exchange rate at 9 September 2020 was 1 EUR = 1.19 USD.

To fund the Company's business development from 2021 onwards, equity was raised through a private placement and subsequently list the company on the Euronext Growth segment of the Oslo Stock Exchange as early as in January 2021. The private placement included 2,250,000 shares at an issuing price of NOK 38.50 and resulted in gross proceeds of USD 90 million.

	31/12/2020 USD
Other capital reserves	19,770

	04/06/2020 - 31/12/2020 USD
Other capital reserves	
Carrying amount as of 4 June 2020	-
Allocation decrease related to issue share capital	-9,450
Allocation increase related to asset acquisition	29,220
Carrying amount as of 31 December 2020	**19,770**
Legal reserves	
Carrying amount as of 4 June 2020	-
Allocation	35,126
Carrying amount as of 31 December 2020	**35,126**
Other reserves	
Carrying amount as of 4 June 2020	-
Allocation of financial year net result	-876,801
Carrying amount as of 31 December 2020	**-876,801**

15. PROVISIONS

	31/12/2020 USD
Other provisions	56,495
Provision subsidiaries	56,495

The full amount of the provision is classified as short term.

	04/06/2020 - 31/12/2020 USD
Provision subsidiaries	
Carrying amount as of 4 June 2020	-
Net result	56,496
Incorporation	-1
Carrying amount as of 31 December 2020	**56,495**

This concerns the negative net asset value of MPCES Holding B.V. MPC Energy Solutions N.V. and its shareholder have issued a comfort letter to settle liabilities of its subsidiary MPCES Holding B.V. if this would be required to fulfill the obligations.

16. CURRENT LIABILITIES

	31/12/2020 USD
Trade and other payables	
Creditors	17,004

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

Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	816,019
Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	240,205
	1,056,224
Payables to other related parties	
MPC Renewable Energies GmbH	308
MPC Capital AG	329,432
	329,740
Accruals and deferred income	
Audit fees	42,495
Legal and consulting fees	52,566
	95,061

Loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	
Carrying amount as of 4 June 2020	-
Loan drawn down	803,300
Interest	12,719
Carrying amount as of 31 December 2020	**816,019**

An interest rate of 5.00% is applicable. The loan has been repaid in March 2021. No securities were provided.

Current account MPC Capital Beteiligungsgesellschaft mbH & Co. KG	
Carrying amount as of 4 June 2020	-
Expenses paid on behalf of the company	240,205
Carrying amount as of 31 December 2020	**240,205**

The shareholder loan from MPC Capital Beteiligungsgesellschaft mbH & Co. KG carries an interest rate of 5.00% and has been repaid in March 2021.

5.
Notes to the Company Profit and Loss Account

Staff

During 2020 the company had no employees.

Remuneration of directors and supervisors

The remuneration of the directors and supervisors was USD nil during the reporting period.

17. OTHER OPERATING EXPENSES

	04/06/2020 - 31/12/2020 USD
Other operating expenses	
Office expenses	56
Selling and distribution expenses	15,545
General expenses	737,019
	752,620
Office expenses	
Fees and subscriptions	56
	56
Selling and distribution expenses	
Marketing and PR	9,559
Travelling expenses	5,986
	15,545
General expenses	
Management fees	292,575
Audit fees	93,052
Legal and consulting fees	351,225
Other general expenses	167
	737,019

Legal fees mainly relate to incorporation and capital increase of the company and registration with the stock exchange.

FINANCIAL INCOME AND EXPENSES

18. INTEREST AND SIMILAR INCOME

	04/06/2020 - 31/12/2020 USD
Currency exchange results	14,158

19. INTEREST AND SIMILAR EXPENSES

	04/06/2020 - 31/12/2020 USD
Bank charges and –interest	419
Currency exchange results	3,615
Interest loan MPC Capital Beteiligungsgesellschaft mbH & Co. KG	12,719
	16,753

20. RESULT PARTICIPATING INTERESTS

Share in result of MPCES Holding B.V.	-118,852
Purchased equity of Bonilla Zelaya Ingenieros Constructores, S.A. de C.V.	-2,734
	-121,586

6. Other Notes to the Company Accounts

Commitments

The Company has the following off-balance sheet commitment as at 31 December 2020:

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

Other Information

Recognition of the loss for 2020

The board of directors proposes to deduct the 2020 result to the other reserves for an amount of USD 876,815. The General Meeting of Shareholders will be asked to approve the appropriation of the 2020 result, this proposition is already recognized in the financial statements.

Based on article 10 of statutes the result is at disposal of the General Meeting.

ANNUAL REPORT 2020

AUDITOR'S REPORT

Independent auditor's report

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

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements for the period ended 31 December 2020 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 2020 and of its result and its cash flows for the period from 4 June 2020 to 31 December 2020 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 2020 and of its result for the period from 4 June 2020 to 31 December 2020 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 2020
- The following statements for the period from 4 June 2020 to 31 December 2020: 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 2020
- The company income statement for the period from 4 June 2020 to 31 December 2020
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of MPC Energy Solutions N.V. (the company) in accordance with the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Our audit approach

Our understanding of the business

MPC Energy Solutions N.V. conducts activities in the field of renewable energies. The main business activity of the company and its subsidiaries (the group) is to develop, construct and acquire energy infrastructure, including solar and wind assets and other hybrid and energy efficiency solutions, 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 has no revenue from sales of products or services. The predominant focus of the group is on product or service development and associated roll-out activities. We paid specific attention in our audit to a number of areas driven by the activities of the group and our risk assessment.

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

In 2020 we were forced to perform our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	USD 27,000
Benchmark applied	3% of the operating expenses (employee expenses, depreciation and other operating expenses) for the period from 4 June 2020 to 31 December 2020.
Explanation	MPC Energy Solutions N.V. is in the early stages of executing its business plan and has no revenue from sales of products or services. The predominant focus of the group is on project development and associated roll-out activities. These activities are primarily reflected in the operating expenses in the financial statements. We expect that currently the users of the financial statements are primarily focused on the realization of the business case and maximizing the capital to be deployed for the long term. We conclude that the operating expenses is currently the most relevant measurement basis for determining materiality for the audit of the financial statements.

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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 1.350, 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:

- MPCES Holding B.V., Amsterdam, The Netherlands (incorporated on 8 September 2020)
- MPC Energy Solutions Colombia S.A.S., Bogota, Colombia (as from 8 September 2020)
- Bonilla Zelaya Ingenieros Constructores, S.A. de C.V., San Salvador, El Salvador (as from 4 September 2020)

We have performed audit procedures ourselves at all the significant group entities.

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

Teaming, use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed client in the renewable energies industry. We included specialists in the area of income tax and have made use of our own accounting experts.

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

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and 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. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control.

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We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control. We considered available information and made enquiries of relevant executives, directors and the supervisory board. 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 our process of identifying fraud risks, we considered whether the COVID-19 pandemic gives rise to specific fraud risk factors.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Notes to the consolidated financial statements under Significant judgements, estimates and assumptions. We have also used performed journal entry testing to identify and address high-risk journal entries. Our audit procedures to address the assessed fraud risks did not result in a key audit matter.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

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

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

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

Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of the management board's use of the going concern basis of accounting. The management board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for a period of at least 12 months after the date of preparation of the financial statements. The January 2021 equity emission disclosed in the "Post balance sheet" events note in the financial statements, is a major element in this assessment. We discussed and evaluated the assessment with the management board exercising professional judgment and maintaining professional skepticism with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to 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. 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.

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General audit procedures

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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Accounting treatment of acquisitions	
Risk	As disclosed in the Related parties disclosures and Significant judgements, estimates and assumptions, MPC Energy Solutions N.V. acquired a portfolio of solar development projects located in Colombia via a Share Purchase Agreement (MPC Energy Solutions Colombia S.A.S.) from a subsidiary of MPC Capital AG for a consideration of USD 0.2 million. In addition, MPC Energy Solutions N.V. has entered into assignment agreements with a subsidiary of MPC Capital AG for all rights and interests in and to the El Salvadoran company Bonilla Zelaya Ingenieros Constructores, S.A. de C.V. for a performance-based purchase price. Both acquisitions are transactions under common control. There is no separate standard in IFRS that provides accounting guidance for transactions under common control. In line with IAS 8, in the absence of an IFRS that specifically applies to this transaction, the management board used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. In determining how to account for these transactions MPC Energy Solutions N.V. considered whether the transactions occurred are business combinations or asset acquisitions. MPC also considered whether the transaction is at fair value and whether it is a party to the contract. As the acquisitions relate to development projects, MPC has accounted for these as acquisition of assets for cash or shares or for no consideration. Assets and liabilities acquired are recognized at fair value regardless of the values in any agreement, with any difference between that amount and fair value recognized as an equity transaction.

Accounting treatment of acquisitions	
	Given the size of the transactions compared to the total assets of the company we consider this judgement a key audit matter. The company discloses the significant judgement for the accounting treatment of the acquisitions in the financial statements in Significant judgments, estimates and assumptions in the Notes to the consolidated financial statements.
Our audit approach	We discussed and evaluated the management board's assessment regarding the accounting treatment of the acquisitions and the disclosure of the key assumptions in the financial statements. We involved accounting specialists and challenged the management board's assessment on the application of accounting policies and the valuation of the acquired assets and liabilities. We designed and performed specific audit procedures responsive to this assessment such as the review of the fair value of the assets acquired and inspected contracts, bank confirmation and other supporting documentation to verify the existence and valuation of the assets acquired. In performing our audit procedures we maintained our professional skepticism and remained alert for any possible impact on the financial statements. We analyzed events subsequent to 31 December 2020 to determine whether any events require adjusting amounts recognized in the financial statements.
Key observations	We agree with the management board's assessment of the treatment of the acquisitions as asset acquisitions, the accompanying valuation of the acquired assets and the disclosures relating to significant assumptions and estimates in the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report
- The responsibility statement
- The report of the supervisory board
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

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

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

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

Report on other legal and regulatory requirements

Engagement

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

Description of responsibilities for the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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 *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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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, 29 April 2021

Ernst & Young Accountants LLP

signed by D.L. Groot Zwaaftink

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