Tecnisol Group

Report and Combined Financial Statements
December 31, 2021

"This document has been prepared with the knowledge that its content will be made available to the investing public and the general public"

Tecnisol Group

Index to the Combined Financial Statements
December 31, 2021

Independent Auditors' Report

To the Board of Directors and Shareholders of
Tecnisol Group

Report on the audit of the combined financial statements

Our opinion

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the entities set out in Note 1 to the combined financial statements as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The accompanying combined financial statements of the entities set out in Note 1 to the combined financial statements (together 'the combined financial statement') comprise:

- the combined balance sheet as at December 31, 2021;
- the combined statement of comprehensive income for the year then ended;
- the combined statement of changes in equity for the year then ended;
- the combined statement of cash flows for the year then ended; and
- the notes to the combined financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the combined financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) issued by the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and the requirements of the code of professional ethics for certified public accountants that are relevant to our audit of the combined financial statements in the Republic of Panama. We have fulfilled the other ethical responsibilities in accordance with the IESBA Code of Ethics and the ethics requirements of the Republic of Panama.

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Key audit matter

The key audit matters are those that, in our professional judgment, were the most significant in our audit of the combined financial statements for the current year. These matters were addressed in the context of our audit of the combined financial statements as a whole and to form our audit opinion thereon, and we did not express a separate opinion on them.

Impairment testing of plant and equipment	How our audit addressed the matter
As of December 31, 2021, the balance of plant and equipment amounts US$35,280,636, which comprise 87% of the Group's total assets. For plant and equipment with useful lives, the Group is required to review these assets for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable, and at least annually, review whether there is any change in their expected useful lives. For the purpose of performing impairment assessments, plant and equipment have been allocated to groups of cash generating units ("CGUs"). The recoverable amount of the underlying CGUs is supported by value-in-use calculations which are based on future discounted cash flows. This area was important to our audit because the impairment testing is complex, judgmental and based on assumptions that are affected by unexpected future market or economic conditions, particularly those relating to the cash forecast and the applied discount rate. See Note 8 to these combined financial statements.	- We involved our internal valuation experts, analyzed the methodology and model of the value-in-use of the cash generating units. - We compared the assumptions used to calculate the discount rates with external information. - We analyzed the projected future cash flows included in the model taking into consideration the current macroeconomic climate and the expected future performance of the cash generating units. - We compared projected cash flows, including assumptions related to revenue growth rates and operating margins, with the historical performance of Management's projections. - We performed a sensitivity analysis around the key assumptions above mentioned to ascertain the extent of change in those assumptions that either individually or collectively would be required for the plant and equipment to be impaired.

Other information

Management is responsible for the other information. The other information comprises the "Annual Report Update (INA, for its acronym in Spanish)" (but does not include the combined financial statements and our auditor's report thereon).

Our opinion on the combined financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

To the Board of Directors and Shareholders of
Tecnisol Group
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In connection with our audit of the combined financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of matter - Basis of accounting

We draw attention to the fact that, as described in Note 1 to the combined financial statements, the businesses included in the combined financial statements have not operated as a single entity. These combined financial statements are, therefore, not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the combined businesses.

The combined financial statements are prepared for the board of directors of Tecnisol Group to assist them in presenting the financial position and results of the entities set out in note 1, in connection with the transaction described in Note 1 to these combined financial statements. As a result, the combined financial statements may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Responsibilities of the owner of the combined businesses

The owner is responsible for the preparation of the combined financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the owner is responsible for assessing the entities' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entities set out in Note 1 to the combined financial statements or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the entities set out in Note 1 to the combined financial statements.

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

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

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the entities set out in Note 1 to the combined financial statements.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of entities set out in Note 1 to the combined financial statements. 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 combined 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 the entities set out in Note 1 to the combined financial statements to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the combined entities to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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, the corresponding safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the combined financial statements of the current period and are therefore the key audit matters. 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, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In compliance with Law No.280 of December 30, 2021, which regulates the profession of certified public accountants in the Republic of Panama, we declare the following:

- The direction, execution and supervision of this audit work has been carried out physically in Panamanian territory.
- The audit partner in charge who has prepared this report of the independent auditors is Edereth Barrios with certified public accountant license No.0304-2004.
- The engagement team that has participated in the audit referred to this report is constituted by Edereth Barrios, Partner and Renaldo Melendez, Manager.

PricewaterhouseCoopers
March 31, 2022
Panama, Republic of Panama

EBarrios B.
Edereth Barrios
CPA 0304-2004

Tecnisol Group

Combined Balance Sheet
December 31, 2021
(All amounts in US$ unless otherwise stated)

	Notes	2021	2020
Assets			
Current assets			
Cash and cash equivalents	2, 3, 5 and 6	2,274,161	2,171,998
Trade and other receivables	2, 7 and 14	2,264,915	1,328,518
Prepaid expenses and other assets		514,708	794,383
Inventory		6,125	-
Total current assets		5,059,909	4,294,899
Non-current assets			
Plant and equipment, net	2, 8 and 9	35,280,636	38,030,418
Intangible assets, net	2 and 10	227,544	238,017
Other receivable		37,500	37,500
Total non-current assets		35,545,680	38,305,935
Total assets		40,605,589	42,600,834
Liabilities and Equity			
Liabilities			
Current liabilities			
Lease liabilities	2 and 9	23,801	18,672
Current portion of related party loan	2, 14 and 20	1,266,588	940,608
Income tax payable	15 and 20	239,699	270,600
Trade and other payables	2, 11 and 14	1,501,371	740,607
Total current liabilities		3,031,459	1,970,487
Non-current liabilities			
Lease liabilities	2 and 9	1,194,442	1,200,504
Long-term of related party loan	2 and 14	21,480,114	22,379,045
Total non-current liabilities		22,674,556	23,579,549
Total liabilities		25,706,015	25,550,036
Equity			
Parent company investment	2 and 12	40,000	40,000
Capital contribution	2 and 12	15,272,232	16,678,883
(Accumulated deficit) retained earnings		(323,921)	390,901
Prepaid dividend tax		(88,737)	(58,986)
Total equity		14,899,574	17,050,798
Total liabilities and equity		40,605,589	42,600,834

The accompanying notes are an integral part of these combined financial statements.

Tecnisol Group

Combined Statement of Comprehensive Income
For the year ended December 31, 2021
(All amounts in US$ unless otherwise stated)

	Notes	2021	2020
Energy revenue		12,919,139	10,036,294
Costs of goods and services	8, 9, 13 and 14	(9,858,587)	(7,978,696)
Gross profit		3,060,552	2,057,598
Administrative expenses	13 and 14	(861,203)	(896,020)
Operating profit		2,199,349	1,161,578
Finance costs	14	(1,607,390)	(470,815)
Other income		56,267	46,820
Income before income tax		648,226	737,583
Income tax	15	(239,699)	(270,600)
Net income		408,527	466,983

The accompanying notes are an integral part of these combined financial statements.

Tecnisol Group

Combined Statement of Changes in Equity
For the year ended December 31, 2021
(All amounts in US$ unless otherwise stated)

	Notes	Parent Company Investment	Capital Contribution	Retained Earnings (Accumulated Deficit)	Prepaid Dividend Tax	Total Equity
Balance at December 31, 2019		40,000	-	(76,082)	(17,711)	(53,793)
Comprehensive income:						
Net income		-	-	466,983	-	466,983
Transactions with owners:						
Capital contribution	12	-	16,678,883	-	-	16,678,883
Prepaid dividend tax		-	-	-	(41,275)	(41,275)
Balance at December 31, 2020		40,000	16,678,883	390,901	(58,986)	17,050,798
Comprehensive income:						
Net income		-	-	408,527	-	408,527
Transactions with owners:						
Capital reduction	12	-	(1,406,651)	-	-	(1,406,651)
Dividends payment		-	-	(1,123,349)	-	(1,123,349)
Prepaid dividend tax		-	-	-	(29,751)	(29,751)
Balance at December 31, 2021		40,000	15,272,232	(323,921)	(88,737)	14,899,574

The accompanying notes are an integral part of these combined financial statements.

Tecnisol Group

Combined Statement of Cash Flows
For the year ended December 31, 2021
(All amounts in US$ unless otherwise stated)

	Notes	2021	2020
Cash flows from operating activities			
Income before income tax		648,226	737,583
Adjustments to reconcile income before income tax to net cash provided by operating activities:			
Depreciation and amortization	8, 10 and 13	2,904,981	2,899,662
Interest on related party loan and lease liabilities, net		1,586,125	470,815
Changes in assets and liabilities:			
Trade and other receivables		(936,397)	76,342
Trade and other payables		760,764	(3,585,078)
Prepaid expenses and other assets		279,675	(167,565)
Inventory		(6,125)	-
Income tax paid		(270,600)	-
Net cash provided by operating activities		4,966,649	431,759
Cash flows from investing activities			
Additions of plant and equipment and net cash used in investing activities		(129,176)	(79,128)
Cash flows from financing activities			
Repayment of shareholder´s loans		-	(23,975,383)
Payment of loan payable - Intercompany	14	(886,000)	23,265,045
Interest paid - Intercompany and sharesholder's loan		(1,178,170)	(304,906)
Dividends paid	19	(1,123,349)	-
Prepaid dividend tax		(29,751)	(41,275)
Capital reduction		(1,406,651)	-
Principal lease payments		(111,389)	(106,570)
Other adjustments to lease liability		-	14,003
Net cash used in financing activities		(4,735,310)	(1,149,086)
Net increase (decrease) in cash and cash equivalents		102,163	(796,455)
Cash and cash equivalents at the beginning of the year		2,171,998	2,968,453
Cash and cash equivalents at end of the year		2,274,161	2,171,998
Non-cash financing activities			
Right of use assets		(15,550)	(207,157)
Lease liabilities		15,550	207,157

The accompanying notes are an integral part of these combined financial statements.

1. General Information

Tecnisol I, S. A.; Tecnisol II, S. A.; Tecnisol III, S. A. and Tecnisol IV, S. A. (the "Companies" and together as Tecnisol Group the "Group", for purposes of these special purpose report) were incorporated on February 20, 2014 under the laws of the Republic of Panama. The Companies are engaged in the production of electricity through its photovoltaic panel parks located in David, Province of Chiriqui, Republic of Panama.

The ultimate parent company of the Companies is Interenergy Partners, L. P., incorporated in Cayman Island.

The combined financial statements have been prepared for the purposes of including the combined financial information of the Companies as part of the required annual reporting requirements in which the Group are Guarantors (see Note 16). The combined business has not operated as a single entity and the combined financial statements are not necessarily indicative of results that would have occurred if the business had been a single entity during the periods presented or of future results of the businesses.

The Companies are located in Plaza 58 Building, 9th floor, 58E street, Obarrio, Republic of Panama, and the photovoltaic panels are located in David, Province of Chiriqui, Republic of Panama. The local regulator, Autoridad Nacional de los Servicios Publicos (ASEP, by its acronym in Spanish), approved the Companies' electricity generation license to 40 MW capacity (Note 17).

These combined financial statements have been approved for issue by the Finance Manager on March 31, 2022.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these combined financial statements are set out below.

Basis of Preparation

The combined financial statements of the Companies for the year ended December 31, 2021 and 2020 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations adopted by the International Accounting Standards Board (IASB). The combined financial statements have been prepared on the historical cost convention.

In the Group's combined financial statements, the combined Statement of Other Comprehensive Income is not presented because there are no items that require a separate presentation of this statement.

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)
The preparation of combined financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group´s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 4.

The combined financial statements include the following companies:

- Tecnisol I, S. A.
- Tecnisol II, S. A.
- Tecnisol III, S. A.
- Tecnisol IV, S. A.

New Standards, Amendments and Interpretations Adopted by the Companies
The Companies has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2021.

- COVID-19-Related Rent Concessions – amendments to IFRS 16.

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New Standards, Amendments and Interpretations not yet Adopted
Certain new amendments have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Companies. The Companies have assessed the relevance of all such new standards, interpretation and amendments and has determined that the following may be relevant to its operations:

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 (effective for annual periods starting on January 1, 2022): The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)

New Standards, Amendments and Interpretations not yet Adopted (continued)
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 (effective for annual periods starting on January 1, 2022): The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020 (effective for annual periods starting on January 1, 2022): The following improvements were finalized in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1 (effective for annual periods starting on January 1, 2023): The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)

New Standards, Amendments and Interpretations not yet Adopted (continued)
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (effective for annual periods starting on January 1, 2022): The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 (effective for annual periods starting on January 1, 2023): The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (effective for annual periods starting on January 1, 2023): The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities, and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

2. Summary of Significant Accounting Policies (Continued)

Basis of Preparation (continued)

New Standards, Amendments and Interpretations not yet Adopted (continued)
IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

These standards are not expected to have a material impact on the Companies in the current or future reporting periods and on foreseeable future transactions.

Monetary Unit and Functional Currency
The combined financial statements are expressed in U.S. Dollars (US$), monetary unit of the United States of America, which is at par with the Balboa (B/.), monetary unit of the Republic of Panama. The U.S. Dollar (US$) circulates and is freely exchangeable in the Republic of Panama and is the functional currency.

Segment Information
A business segment is an identifiable component of the Companies, in charge of supplying a single product or service, or a set of them that are related and characterized by being subject to risks and returns of a different nature than those corresponding to other business segments within the same companies.

A geographic segment is an identifiable component of the Companies in charge of supplying products or services in a specific economic environment, and which is characterized by being subject to risks and returns of a specific nature, and which correspond to other operating components that carry out their activity in different environments.

The Companies business operations are organized and managed as a single business segment, which is to operate the generating plants within the economic environment of electricity generation. Additionally, the Companies' internal and reporting organization is predominantly based on a single business segment.

Financial Assets
The Companies classify their financial assets in the category of loans and receivables and assets at fair value through profit or loss, based on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables with maturities not greater than 12 months are included in current assets.

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents
For purposes of the cash flow statement, cash and cash equivalents include cash in hand and other short-term highly liquid investments with original maturities of three months or less. The statement of cash flows shows the Company's cash flows for the year for operating, investing and financing activities and the change in cash and cash equivalents during the year.

Trade and Other Receivables
Trade and other receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment of receivables. They are classified as current assets as collection is expected in one year or less.

A provision for impairment of trade receivables is established by applying the simplified approach of IFRS 9 to measure expected credit losses using a provision of expected losses over the life of the trade receivables (if applicable).

Prepaid expenses and other assets
Prepaid expenses and other assets are recognized when the Company incurred in payments for goods or services to be received in the future. Prepaid expenses and other assets are initially recorded as assets, but their value is recognized over time onto the combined statement of comprehensive income.

Plant and Equipment
Plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Costs of maintenance, repairs, minor refurbishments and improvements are charged to expense. Subsequent costs are capitalized only when it is probable that a future economic benefit associated with the item will flow to the Companies and the cost of the item can be measured reliably. The Companies has a maintenance program that includes inspecting, testing and repairing all operational power equipment based on the equivalent operating hours (EOH).

Expenditure on the construction, installation or completion of infrastructure facilities, such as construction, generators and electric power plants facilities, is capitalized within property, plant and equipment according to its nature. No depreciation or amortization is charged during the construction phase. The Companies begin depreciating an item of property, plant and equipment when it is available for use.

2. Summary of Significant Accounting Policies (Continued)

Plant and Equipment (continued)
Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- No restoration costs, and no payments were made at or before the lease commencement date as well as not initial direct costs.

Right-of-use assets are recognized as leasehold and generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Companies are reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Depreciation rates used are described as follows:

Buildings	2.50%
Generators and plant facilities	5% - 10%
Right of uses assets	5% - 5.5%
Tools and minor equipment	25%
Equipment of transportation	25%
Furniture and office equipment	25%

Inventory
Consist of consumable spare parts that are expected to be used for replacement or improvement on existing assets. Inventory is stated at the lower of cost or net realizable value. The cost of inventories includes expenditure incurred in purchases and other necessary costs to bring them to their existing location and condition. Cost is determined using the weighted average cost method. An allowance for obsolete inventory of spare parts is established based on management's analysis of such items to be used as intended and the consideration of potential obsolescence due to technological changes and consumption patterns.

Impairment of Long-Lived Assets
Plant and equipment and other non-current assets which are non-financial assets that are subject to depreciation and amortization, are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount may not be recoverable.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets (continued)

In both cases, the recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Lease Liabilities

Lease liabilities include the following lease payments:

- fixed payments, less any lease incentives receivable,
- variable lease payment that are based on an index or a rate,
- amounts expected to be payable by the Company under residual value guarantees,
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, to the extent that this can be determined. Otherwise, the discount is the lessee's incremental borrowing rate.

Intangible Assets

Easement Right of Way

Represent the value attributable to the right of use of a high voltage transmission line for a 25 years period, by virtue of a long-term contract with the landowners and the Companies. The intangible assets are recognized at cost and subsequently measured at cost less accumulated amortization, which is calculated using the straight-line method to allocate the cost of the intangible assets over its estimated useful life of 25 years.

Related Party Loan

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, using the effective interest method.

2. Summary of Significant Accounting Policies (Continued)

Trade and Other Payables
Trade and other payables are obligations to pay for goods or services that have been acquired in the normal course of the business from suppliers. Trade and other payables are classified as current liabilities as payments are due within one year or less. (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Parent Company Investment
Common shares of each of the Companies considered in the combined financial statements are classified as parent company investment. (See Note 12).

Energy Revenue Recognition
The Companies recognize energy revenue in the periods that it delivers electricity. Contracted prices are billed in accordance to provisions of applicable power sales agreements and spot sales are billed in accordance with prevailing market prices. The unit of measurement of the contract prices is megawatts hour ($/MWh). The following criteria should be met in order to recognize revenue: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the price to the buyer is fixed or determinable; and (4) collection is reasonably assured. Revenues are measured at fair value of the consideration received or receivable for the sale of the energy.

In accordance of IFRS 15, the Companies recognized the revenue from contracts with great clients (customers) based on a five-step model detailed below:

Step 1. Identify contracts with large clients: A contract is defined as the agreement between two or more parties, which creates rights and obligations required and establishes criteria that must meet for each contract. The contracts that are handled are written and grouped in the same type of contracts because all of the are categorized in the same concept of energy sales.

Step 2. Identify the contract obligations: An obligation is a promise in a contract with a client for the transfer of a good or service.

Step 3. Determine the price of transaction: The transaction price is the amount of the payment that the Companies expects to have the right in exchange for the transfer of the promised goods or services to a client.

2. Summary of Significant Accounting Policies (Continued)

Energy Revenue Recognition (continued)

Step 4. Assignment of the transaction price: The Companies recognizes the price of the contract payable as specified in the contract, subject to the stipulated conditions and adjustments or proposed deductions, as applicable.

Step 5. Recognition of revenue according to the criteria established by IFRS 15, the Companies continues recognizing revenues over time instead of during a certain time.

The Companies mainly satisfy their performance obligations at over time, when, or as, a performance obligation is satisfied, the Companies recognize as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Companies expect to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised.

Finance Cost
Comprise interest expense on borrowings, interest expense related to lease liabilities and bank fees.

Current and Deferred Income Tax
Income tax expense for the period comprises current and deferred income tax. Income tax is recognized in the combined statement of comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted at the combined balance sheet date over the taxable income.

Deferred income tax is provided in full, using the liability method, where temporary differences arise between the fiscal bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability, in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the combined balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available, and the temporary differences can be utilized against it.

2. Summary of Significant Accounting Policies (Continued)

Reclassification

The financial statements for the year ended December 31, 2020 include reclassifications that were made for the balance sheet and cash flow, to adjust to the current presentation. These reclassifications do not have any affect in net income or in the retained earnings previously reported. A detail of the most significative reclassifications is presented in (Note 20).

3. Financial Risk Management

Financial Risk Factors

The Companies' activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

Risk management is carried out by the General Manager and the Director of Financial Department under the supervision of the Board of Directors. They identify and evaluate financial risks in close co-operation with management of departments within the Companies.

Market Risk

Foreign Exchange Risk.

The Companies are not substantially exposed to the foreign exchange risk fluctuation, since its revenues and expenses are mainly expressed in U.S. dollars.

Interest Rate Risk

Interest rate risk is mainly originated from long-term related loan with fixed interest rates.

Credit Risk

Credit risk arises mainly from cash and cash equivalents, restricted cash, trade and other receivables. The Companies work only with well-known foreign and local financial institutions and energy distribution companies.

The credit quality of financial assets related to cash and cash equivalent that are neither past due nor impaired can be assessed by reference to external credit rating.

	2021	2020
Cash at banks and trustee fund accounts (A and AA-)	2,272,861	2,170,398

3. Financial Risk Management (Continued)

Financial Risk Factors (continued)

Market Risk (continued)

Credit Risk (continued)
The Companies have a concentration of its revenues and accounts receivable with large clients and customers from the spot market in the Republic of Panama. Sales of energy made to these customers represent approximately 65% and 19% (2020: 82% and 17%), of total revenues, respectively and 33% (2020: 78%) of total accounts receivable at the end of the year. This concentration of risk is mitigated by the fact that demand for electricity in Panama continues to grow steadily and that the energy market is very well structured and regulated by government authorities. For each PPA a guarantee is required and the payment term of invoices originating in the electric market of Panama is averaged in a range of 30 days from the date of presentation of the invoice. The guarantee is a performance bond payable to the collection against any event of default for bad debts or bad debt. There were no default events for unpaid bills as of December 31, 2021 and 2020.

Liquidity Risk
Liquidity risk is the risk that the Companies might not be able to comply with all their obligations. The Companies minimize this risk by maintaining adequate levels of cash on hand or in current accounts for fulfilling commitments with recurring suppliers and borrowers.

The Companies finance monitors rolling forecasts of the Companies' liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Companies do not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Companies' debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements. Also, if there are any deficiencies on the working capital of the individual Companies such will be supported by the other companies of the Group.

3. Financial Risk Management (Continued)

Financial Risk Factors (continued)

Liquidity Risk (continued)

The table below analyses the Companies' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
December 31, 2021					
Loan payable to related party	2,343,517	4,836,682	12,418,392	16,331,194	35,929,785
Lease liabilities	115,220	118,677	248,141	1,635,533	2,117,571
Trade and other payables	1,501,371	-	-	-	1,501,371
	3,960,108	4,955,359	12,666,533	17,966,727	39,548,727
December 31, 2020					
Loan payable to related party	2,064,171	4,724,821	12,401,113	18,803,851	37,993,956
Lease liabilities	111,864	115,220	240,914	1,761,437	2,229,435
Trade and other payables	740,607	-	-	-	740,607
	2,916,642	4,840,041	12,642,027	20,565,288	40,963,998

Capital Risk Management

The Companies' objectives when managing capital are to safeguard the Companies' ability to continue as a going concern in order to provide returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Companies may adjust the number of dividends paid to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

3. Financial Risk Management (Continued)

Capital Risk Management (continued)

Capital is monitored by the debt (Loans payable to related) to EBITDA ratio. This ratio measures the income generated and available to pay down debt from cash flows generated by the operation. The debt to EBITDA ratio were as follows:

	2021	2020
Loan payable - Intercompany	22,379,045	23,265,045
EBITDA	5,160,597	4,108,060
Net income	408,527	466,983
Depreciation and amortization (Notes 8, 9 and 10)	2,904,981	2,899,662
Finance cost	1,607,390	470,815
Income tax	239,699	270,600
Total EBITDA ratio	4.34	5.66

Fair Value Estimation

For disclosure purposes, the International Financial Reporting Standards specify a fair value hierarchy that categorizes into three levels based on the inputs used in valuation techniques to measure fair value: The hierarchy is based on the transparency of variables used in the valuation of an asset at the date of valuation. These three levels are:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates its fair value due to the short-term nature.

4. Critical Accounting Estimates and Judgement

Estimates and judgements are continually evaluated by Management and are based on historical experience and on various other assumptions that Management believes to be reasonable under the circumstances, the results of which form the basis for making judgements.

Critical Accounting Estimates and Assumptions
The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Depreciation of Plant and Equipment
The Companies make judgements in assessing its assets estimated useful lives and in determining estimated residual values, as applicable. Depreciation is calculated on the straight-line method, based on the estimated useful lives of the assets.

These estimates are based on analysis of the assets' lifecycles and potential value at the end of its useful life. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Current Tax Estimation
The Companies are subject to income tax. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Companies recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of Non-financial Long-lived Assets
Non-financial long-lived assets, including identifiable intangible assets and right-of-use assets, are reviewed for impairment at the lowest level for which there are separately identifiable cash flows (CGU). For this purpose, each asset company with independent cash flows and each associate has been considered a single CGU, as all of their assets jointly contribute to the generation of cash inflows, which are derived from a single service or product; this cash inflows cannot be attributed to individual assets. In order to evaluate if there is evidence that a CGU could be affected, both external and internal sources of information are analyzed. The value in use of each CGU is estimated based on the present value of future net cash flows expected throughout its remaining useful life. Management uses approved long-term models cash flow projections then discounted at the appropriate rates.

4. Critical Accounting Estimates and Judgement (Continued)

Critical Accounting Estimates and Assumptions (continued)

Impairment of Non-financial Long-lived Assets (continued)
The discount rates used to discount future net cash flows is the WACC, for each asset or CGU a specific WACC was determined which considered the country conditions where the operations are performed. In order to calculate the fair value less the costs of disposal, the Company Management uses the estimated value of the future cash flows that a market participant could generate from the appropriate CGU, less the necessary costs to carry out the sale of the corresponding CGU. The Group Management is required to make judgments at the moment of the future cash flow estimation. The actual cash flows and the values may differ significantly from the expected future cash flows and the related values obtained through discount techniques.

5. Cash and Cash Equivalents

Cash and cash equivalents are detailed as follows:

	2021	2020
Cash in U. S. currency	1,477,816	2,163,854
Trustee fund accounts (Note 6)	795,045	6,544
Petty cash	1,300	1,600
	2,274,161	2,171,998

6. Trust Fund with Specific Use

This trust fund is part of the obligation acquired due to the issuance of corporate bonds carried out by UEP Penonome II, in which the Companies of Tecnisol Group participated as Guarantors. For more details see Note 16.

6. Trust Fund with Specific Use (Continued)

The fund balances of trusts with specific use are presented below:

	2021	2020
Guarantor execution account		
Tecnisol I, S.A.	600	568
Tecnisol II, S.A.	600	568
Tecnisol III, S.A.	600	568
Tecnisol IV, S.A.	600	568
Guarantor collection account		
Tecnisol I, S.A.	146,666	568
Tecnisol II, S.A.	34,698	568
Tecnisol III, S.A.	444,052	568
Tecnisol IV, S.A.	78,119	568
Guarantor spot market account		
Tecnisol I, S.A.	43,161	500
Tecnisol II, S.A.	944	500
Tecnisol III, S.A.	43,801	500
Tecnisol IV, S.A.	1,204	500
	795,045	6,544

Guarantor collection account: The Guarantors’ collection accounts together with the Issuer Collection Account, shall be funded with all income of the Guarantors, including revenues from the Power Purchase Agreements entered by the Guarantors, insurance proceeds, expropriation and termination payments, and from funds deposited in the Guarantor Spot Market Accounts.

Guarantor execution account: The Execution Accounts shall be funded from any proceeds derived from foreclosing on the Collateral in respect of the Issuer and the Guarantors in accordance with the Intercreditor Agreement.

Guarantor spot market accounts: The Guarantors’ spot market accounts shall be funded, first, prior to each monthly clearing of the spot market payments, from the Guarantor Collection Accounts and, second, after each such monthly clearing, from proceeds of the monthly clearing of the spot market payments.

7. Trade and Other Receivables

Trade and other receivables are detailed as follows:

	2021	2020
Clients	2,264,777	1,328,332
Related parties (Note 14)	138	161
Others	-	25
	2,264,915	1,328,518

At December 31, 2021 and 2020, there were no past due receivables; therefore, the Companies have not recorded any provision for impairment.

8. Plant and Equipment, Net

Following is the movement of plant and equipment:

	Generators and Plant Facilities	Transmission Line	Vehicles	Tools, Minor Equipment and Other Assets	Right of Use Assets	Construction in Progress	Total
Cost at January 1, 2021	40,359,413	2,983,185	53,130	4,549	1,247,384	72,606	44,720,267
Additions	-	-	-	-	-	129,176	129,176
Reassessment right of use assets	-	-	-	-	15,550	-	15,550
Cost at December 31, 2021	40,359,413	2,983,185	53,130	4,549	1,262,934	201,782	44,864,993
Accumulated depreciation at January 1, 2021	(6,269,790)	(278,433)	(14,142)	(396)	(127,088)	-	(6,689,849)
Depreciation charge	(2,690,627)	(119,327)	(13,283)	(1,108)	(70,163)	-	(2,894,508)
Accumulated depreciation at December 31, 2021	(8,960,417)	(397,760)	(27,425)	(1,504)	(197,251)	-	(9,584,357)
Net balance at December 31, 2021	31,398,996	2,585,425	25,705	3,045	1,065,683	201,782	35,280,636

8. Plant and Equipment, Net (Continued)

	Generators and Plant Facilities	Transmission Line	Vehicles	Tools, Minor Equipment and Other Assets	Right of Use Assets	Construction in Progress	Total
Cost at January 1, 2020	40,359,413	2,983,185	27,450	-	1,040,227	23,707	44,433,982
Additions	-	-	25,680	4,549	-	48,899	79,128
Adjustment of right of use assets	-	-	-	-	207,157	-	207,157
Cost at December 31, 2020	40,359,413	2,983,185	53,130	4,549	1,247,384	72,606	44,720,267
Accumulated depreciation at January 1, 2020	(3,579,160)	(159,104)	(4,606)	-	(57,789)	-	(3,800,659)
Depreciation charge	(2,690,630)	(119,329)	(9,536)	(396)	(69,299)	-	(2,889,190)
Accumulated depreciation at December 31, 2020	(6,269,790)	(278,433)	(14,142)	(396)	(127,088)	-	(6,689,849)
Net balance at December 31, 2020	34,089,623	2,704,752	38,988	4,153	1,120,296	72,606	38,030,418

The plant and equipment guarantee the issuance of the corporate bonds issued by UEP Penonome II, S.A., where the Companies of Tecnisol Group are the guarantors.

9. Leases

As of December 31, 2021, property, plant and equipment include leases corresponding to the operating land lease located in David, Chiriquí province, Republic of Panama. The lease term is 20 years with a variable increase according to the consumer price index of the United States of America until expiration.

The leased properties are presented below:

	2021	2020
Right-of-use assets		
Cost	1,247,384	1,040,227
Reassessment right of use assets	15,550	207,157
Accumulated depreciation	(197,251)	(127,088)
Net balance	1,065,683	1,120,296
Lease liabilities		
Current	23,801	18,672
Non-current	1,194,442	1,200,504
	1,218,243	1,219,176

9. Leases (Continued)

The movement of lease liabilities is as follows:

	2021	2020
At the beginning of the year	1,219,176	1,011,069
Lease payments	(111,389)	(106,570)
Lease liability remeasurements related to lease modifications	15,550	207,157
Other adjustment	-	14,003
Interest	94,906	93,517
At the end of the year	1,218,243	1,219,176

10. Intangible Assets

The movement of intangible assets is as follows:

	2021	2020
Cost		
At January 1	261,814	261,814
Additions	-	-
Balance at the end of the year	261,814	261,814
Accumulated amortization		
At January 1	(23,797)	(13,325)
Depreciation charge	(10,473)	(10,472)
Balance at the end of the year	(34,270)	(23,797)
Net balance at the end of the year	227,544	238,017

Intangible assets - *easement right of way:* correspond to contracts with landowners with a single payment, these contracts were obtained for the constitution of an easement for the high voltage transmission line for a period of 25 years.

11. Trade and Other Payables

Trade and other payables are detailed as follows:

	2021	2020
Suppliers	1,134,692	444,533
Related parties (Note 14)	341,921	264,035
Others	24,758	32,039
	1,501,371	740,607

12. Parent Company Investment

The authorized shared capital of the Companies is composed of the total investment made by the Controlling company of US$40,000.

On December 23, 2020, by means of the minute of the board of directors it was authorized to capitalize the amount of US$16,678,883 corresponding to the loan with InterEnergy Renewables SLU without increasing the authorized common share, as follows:

Company	Common Shares	Value per Share	Parent Company Investment	Capital Contribution	Total
Tecnisol I, S. A.	100	100	10,000	9,925,335	9,935,335
Tecnisol II, S. A.	100	100	10,000	3,658,504	3,668,504
Tecnisol III, S. A.	100	100	10,000	98,153	108,153
Tecnisol IV, S. A.	100	100	10,000	2,996,891	3,006,891
			40,000	16,678,883	16,718,883

12. Parent Company Investment (Continued)

On November 30, 2021, by means of the minutes of the board of directors, a capital reduction was approved, without reducing the authorized capital stock of the Companies, for US$1,406,651. The capital contribution movement is, as follows:

	Common Shares	Capital Contribution	Total
Balances for the years ended December 31, 2020	40,000	16,678,883	16,718,883
Capital reduction			
Tecnisol I, S.A.	-	(280,000)	(280,000)
Tecnisol II, S.A.	-	(449,969)	(449,969)
Tecnisol III, S.A.	-	-	-
Tecnisol IV, S.A.	-	(676,682)	(676,682)
Balances for the years ended December 31, 2021	40,000	15,272,232	15,312,232

The Companies are wholly owned by InterEnergy Renewables SLU.

The parent company investment is part of the guarantees given in the issuance of corporate bonds issued by UEP Penonome II, S.A. where Tecnisol Group is the guarantor.

13. Costs and Expenses

The Companies classify their expenses by nature, as follows:

	2021	2020
Costs of goods and services		
Energy purchases from reserve contracts (Note 14)	3,727,855	3,593,151
Depreciation and amortization (Notes 8, 9 and 10)	2,904,981	2,899,662
Energy purchases to the regional spot market	1,733,034	-
Energy purchases to the spot market	908,180	689,175
Repairs and maintenance	401,658	650,946
Salaries and other benefits to employees	97,734	44,197
Security	57,647	73,571
Fees transmission cost	27,498	27,994
	9,858,587	7,978,696
Administrative expenses		
Other expenses	330,801	382,735
Regulator fees	164,403	72,290
Professional fees	151,366	199,233
Insurance costs	137,397	176,393
Management services (Note 14)	60,000	55,000
Office maintenance	8,980	4,848
Fuel	5,797	3,370
Office expenses	2,459	2,151
	861,203	896,020
	10,719,790	8,874,716

14. Balances and Transactions with Related Parties

The Companies are fully controlled by Interenergy Partners, L. P., their ultimate parent company. The Companies carried out transactions and maintained balances with related companies, as described below:

	2021	2020
Transactions		
Energy revenue		
Other related parties		
Energy sold in the spot market (c)	6,755	1,625
Costs of goods and services		
Other related parties		
Energy purchases in the spot market (c)	17,547	14,585
Energy purchases under reserve contracts (d)	1,819,919	1,862,736
	1,837,466	1,877,321
Administrative expenses		
Shareholders: InterEnergy Holding UK Ltd.		
Professional fees expenses (b)	60,000	55,000
Finance costs		
Shareholders: InterEnergy Holding UK Ltd.		
Interest paid - shareholders' loan (a)	-	304,906
Other related parties		
Interest expense - on related loans (e)	1,491,219	54,608
	1,491,219	359,514
Balances		
Trade and other receivables		
Other related parties		
Accounts receivable energy spot market (c)	138	161
Trade and other payables		
Other related parties		
Accounts payable energy spot market (c)	2,777	2,565
Shareholders: InterEnergy Holding UK Ltd.		
Accounts payable professional fees (b)	-	55,000
Other related parties		
Accounts payable energy reserve contracts (d)	339,144	206,470
	341,921	264,035
Related party loan		
Other related parties - Loan payable - Intercompany (e)	22,379,045	23,265,045
Loan interest payable - Intercompany (e)	367,657	54,608
	22,746,702	23,319,653

14. Balances and Transactions with Related Parties (Continued)

The movements in the related party loan and interest during the year is a follow:

	2021	2020
Loan payable - Intercompany		
At January 1	23,265,045	-
Additions	-	23,265,045
Payments	(886,000)	-
Loan payable - Intercompany (e)	22,379,045	23,265,045
Loan interest payable - Intercompany		
At January 1	54,608	-
Interest paid	(1,178,170)	-
Interest payable	1,491,219	54,608
Loan interest payable - Intercompany (e)	367,657	54,608

(a) Shareholder's loan granted by a related party for the construction of the plants, with a maturity date on December 20, 2021 and annual interest rate of 3%. On December 23, 2020 by means of the minutes of the board of directors it was authorized the repayment to InterEnergy Renewables SLU.

(b) Administrative and asset management services rendered by related parties.

(c) Sales and purchases of energy with related parties in the energy spot market.

(d) Energy Reserve Contracts described in Note 17.

(e) Loans payable to related UEP Penonome II, S. A. with semiannual amortizations and final maturity on October 1, 2038 with an interest rate of 6.5%. The fair value of the loan payable to related is US$22,678,972 as of December 2021.

15. Income Tax

The income tax is presented as follows:

	2021	2020
Income tax	239,699	270,600

15. Income Tax (Continued)

Under current tax legislation in the Republic of Panama, the profits of the Companies from local operations are subject to income tax. Income tax is based on the higher of the following computations:

a. The rate of 25% on taxable income (traditional method).

b. The net taxable profit resulting from applying 4.67% to the total taxable income times the rate of 25% which represents 1.17% of taxable income (alternative minimum tax - "CAIR").

In certain circumstances, if the application of 1.17% of revenue results in the entity incurring losses for tax reasons, or the effective tax rate is higher than 25%, then the entity may choose to request not to apply minimum tax. In such cases, the Companies must file a petition with the Tax Administration, who may authorize the no application for a term of three years

According to Tax Legislation of Panama, income tax returns for the last three (3) years are subject to review by fiscal authorities, including year ending December 31, 2021.

The income tax resultant by applying the in-force rates to the income before tax (Traditional Method) is reconciled with the income tax provision presented in the combined financial statements, as follows:

	2021	**2020**
Profit before income tax	648,226	737,583
Plus: Effect of non-taxable loss	113,711	216,231
Non-deductible expenses	196,859	128,587
Effect of taxable income	958,796	1,082,401
Total income tax (traditional method)	239,699	270,600

Management requested to the Tax Authority the non-application of the CAIR for the 2019 fiscal year of Tecnisol I, S. A. The request was accepted and approved for the fiscal years 2019, 2020 and 2021.

15. Income Tax (Continued)

Transfer Pricing
Law No.52 of August 28, 2012 established the transfer pricing regime oriented to regulate tax purposes transactions between related parties, and applicable to the taxpayer to perform operations with related parties that are tax residents of other jurisdictions. The most important aspects of this regulation include:

- Taxpayers must submit annually an information return related operations with related parties, within six (6) months following the close of the relevant fiscal period. This obligation applies to transactions from fiscal year 2012.

- Failure to submit the report shall be punishable by a fine equivalent to 1% of the total amount of transactions with related parties.

- Persons required to submit the report referred to in the preceding paragraph, shall maintain a transfer pricing study, which shall contain the information and analysis to assess and document their transactions with related parties, in accordance by Law. The taxpayer must present study only at the request of the Department of Revenue of the Ministry of Economy and Finance within 45 days of your request.

16. Tecnisol Group Guarantor

Through resolution No.SMV 515-20, dated December 2, 2020, UEP Penonome II, S.A. issued on December 18, 2020, together with Tecnisol Group as joint guarantor, corporate bonds guaranteed for a total of US$262,664,000, issued under Regulation 144A and Regulation S of the United States, with semi-annual amortizations and final maturity on October 1, 2038 with an interest rate of 6.5%, registered in the stock exchanges of Panama and Singapore.

Main Obligations as Guarantor:

Funds from the Guarantors must be deposited in the Panamanian Trust accounts as described in "Description of the Notes-Summary of Panamanian Trust Accounts Structure."

The Guarantors agree that at all times they will keep the Mortgaged Assets inside and will not mobilize the Mortgaged Assets outside the premises of the Project sites. All the obligations of the Guarantors assumed in the Mortgage Agreement established by virtue of it, as well as the rights of the Mortgage Creditor, are absolute and unconditional and will remain in full force and effect and will not be released.

16. Tecnisol Group Guarantor (Continued)

The Guarantors are obliged to pay the contributions, taxes and charges applicable to the Mortgaged Assets.

It is the obligation of the Guarantor to fully comply with all the obligations established in the trust Agreement. As of December 31, 2021, the Tecnisol Group as Guarantor is in compliance with all its commitments.

17. Commitments

The Companies have eight Energy Supply Contracts (PPAs) for fifteen years. Beginning in 2018 and ending in 2033 with Large Clients. The signed contracts have as counterparties: Coca-Cola FEMSA, Industrias Lacteas (Estrella Azul and Jugos del Prado), Clinica Hospital San Fernando, Riba Smith, S. A., Delyris, S. A., Ice Gaming Corp., Iron Tower, S. A. and Petrolera Nacional, S.A. For Ice Gaming and Iron Tower the supply period started in 2019 and for Petrolera Nacional, S.A. the supply period started in 2021. In the event that the Companies are unable to fulfill its obligations under any of the contracts, the performance bonds that support the obligations may be drawn by the customers.

The price is indexed based on the regulated tariff to the end customer which is published by ASEP every six months. The newest tariff published is compared against the last applicable tariff to define a proportion that shall apply to the energy price in the PPA. The result of the operation will determine, according to the provisions in the PPA, the adjustment that shall apply to the energy price to set the new price applicable for the six months. Four large clients have a price threshold of a maximum of 125 US$ / MWh and three large clients have 135 US$ /MWH and a minimum of 83 US$ / MWh.

In 2021, Tecnisol I has been exporting energy to the Regional Electricity Market (MER) through regional contracts with its counterpart MERELEC from Guatemala.

The Companies have seven energy reserve contracts with the Companies UEP Penonome II (related company), Generadora del Istmo (GENISA), Saltos del Francoli, Desarrollos Hidroeléctricos Corp., Electron Investment, Hydro Caisan, Generadora Pedregalito, Generadora Alto Valle and Generadora Río Chico.

The amounts of the performance bonds outstanding as at December 31, 2021 were US$1,702,112 (2020: US$1,639,136).

The supply period for the reserve contract with UEP Penonome II is until March 31, 2025 per Amendment No.1. The Contract Price is fixed but can be changed by the parties through mutual agreement.

17. Commitments (Continued)

The supply period for the reserve contracts with GENISA, Saltos del Francoli, Desarrollos Hidroeléctricos Corp. and Electron Investment is one year, beginning on January 1, 2021 for. The Contract Price is variable per month and period.

The supply period for the reserve contracts with Hydro Caisan, Generadora Pedregalito, Generadora Alto Valle and Generadora Río Chico is for 16 months beginning on May 1, 2020.

ASEP (the regulator) granted the Definitive Licenses for Tecnisol I, II, III and IV through Resolutions AN No. 8545-Elec from May 6, 2015, AN No.8547-Elec from May 6, 2015, Resolution AN No.8546-Elec from May 6, 2015 and AN No.8548-Elec from May 6, 2015 lasting for forty (40) years with the possibility of renewal for an equal period.

18. Impact of COVID-19

On March 11, 2020, the World Health Organization declared the coronavirus strain (COVID-19) in the category of pandemic.

The COVID-19 pandemic has affected the Wholesale Electricity Market (The Market) in Panama, since March the Government decreed a total quarantine with movement restrictions, this caused many businesses and industries to remain closed or reduce their production capacity, which in turn caused a wave of layoffs and work contract suspensions, this caused an economic crisis in the country and in the electricity sector since many people did not have the resources to pay for their electricity bills.

Since most of the businesses were closed or partially opened due to the pandemic, ASEP (The Regulator) sent letter DSAN No.0806 of April 7, 2020 to the CND (National Dispatch Center) in which has been established that the Large Clients that do not meet the requirement of Minimum Monthly Demand of 100kW for four (4) consecutive months, will not be disengaged since the Large Client and the Generator have expressly and jointly decided to avail themselves of the fortuitous event clause or force majeure of their supply contract, whether they notify the CND prior to the breach, or so notify the CND once it contacts them regarding the fourth breach.

All Companies clients were affected in a way or another by the Government measures decreasing their consumption specially Ice Gaming Corp. and Iron Tower, S. A. (hereinafter “Hilton”), but these affectations were less than most of the industries since Companies’ clients continues operating full or at least partially except for Hilton as mentioned before, this affected of the Companies revenues since the client’s consumption was lower than budgeted

18. Impact of COVID-19 (Continued)

To minimize the effect of the pandemic the Government approved the Decree No.291 of May 13, 2020 that established a moratorium for the months from March to September to establish a non-obligation of payment for the people affected by the pandemic. With great part of the regulated clients not paying, this decreased the cash flow of the Distribution Companies and these could not keep with their payments to the Generation Companies. The foregoing caused a domino effect in the Market since the lack of liquidity of the Distribution Companies prevented them from fulfilling the full payments of the PPAs with the Generation Companies and ASEP (The Regulator) through resolution AN No.16095-Ele of May 21, 2020 let the Distribution Companies to pay proportionally with their income the commitments with the Market and also allows the Generation Companies affected by the pandemic due to this lack of payment by the Distribution Companies to pay their DTE (Economic Transactions - Document) obligations proportionally without their payment guarantee being executed by the CND (National Dispatch Center).

The Companies continue to make its full payments to the DTE (Economic Transactions Document), but the payments received from March to December due to ASEP (The Regulator) resolution, have been partial since other generation companies have been making partial payments due to being affected by the partial payments of the Distribution Companies.

As of December 31, 2021, the situation due to COVID-19 remains the same as last year for the Companies. The spot market agent continues to make their payments in accordance with the ASEP resolution and have been complying with them, so there are no major effects in relation to COVID-19.

The Companies have operated continuously in the Panamanian electricity market.

19. Dividends Paid

On November 30, 2021 the board of director approved the distribution of dividend as follows:

Companies	Approved distribution
Tecnisol II, S.A.	200,031
Tecnisol III, S.A.	550,000
Tecnisol IV, S.A.	373,318
	1,123,349

20. Reclassification

For comparison purposes, certain figures from 2020 were reclassified. This reclassification has no effect on the net income of the period, or on the accumulated deficit previously reported or in the statement of cash flows. A detail of the most significative reclassification is presented as follows:

Reclassification of the interest payable of related party loan (US$54,608) as part of the current portion of related party loan and reclassification of income tax payable (US$270,600), originally presented in trade and other payables, as part of a policy choice applied by Company's management in the presentation of the financial statements.

As Originally	Presented in 2020	Reclassification	Reclassified
Balance Sheet			
Trade and other payables	1,065,815	(325,208)	740,607
Current portion of related party loan	886,000	54,608	940,608
Income tax payable	-	270,600	270,600

Reclassification of the interest paid from operating activities to financing activities:

As Originally	Presented in 2020	Reclassification	Reclassified
Statement of Cash Flows			
Cash flows from operating activities			
Interest paid	(304,906)	304,906	-
Cash flows from financing activities			
Interest paid	-	(304,906)	(304,906)