Annual Report 2022

AQUALECTRA

Company profile

Group Companies and number of employees
Integrated Utility Holding N.V. (2)
Aqualectra N.V. (595)
Aqualectra Multi Utility N.V. (3)
Utility Financial Services (1)

Water connections:
84,420 Residential
7,533 Commercial and Industrial

Electricity Connections:
84,899 residential
806 Solar
9,719 Commercial & Industrial

Water Sale:
26,862 m³ daily
9,804,521 m³ annually

Power Sale:
1.7 GWh daily
619 GWh annually

Electricity Infrastructure:
5 Power plants
13 Substations
321 km Overhead lines
1,359 km Underground cabling
2,480 Transformers (12 kV)
6 Transformers (66/30 kV)
6 Transformers (66/11 kV)
21 Transformers (30/12 kV)

Water Infrastructure:
2 Water plants
82 km Transport mains
689 km Distribution mains
1,974 km Service lines
4 Pumping stations
15 Booster Stations
3 Mobile pumps
21 Water Tanks

Financial rating:
Standard & Poor's: BBB-

ISO certifications:
ISO 9001
ISO 14001
ISO 17025

Board of Supervisory Directors:

Chairman:	Mr. K. van Haren
Member:	Mrs. J. Lacle (Retired March 2023)
Member:	Mr. P. Aberson
Member:	Mr. A. Martina

Board of Managing Director:

Chief Executive Officer:	Mr. D. Jonis
Chief Financial Officer:	Mrs. N. Isenia

Management Team:

Legal Counsel:	Mr. R. Celestijn
Power Supply Chain:	Mr. R. Garmes
Water Supply Chain:	Mr. R. Leito
Engineering & Asset Management:	Mr. R. Seferina
Customer Relation:	Mr. R. Celestina
HR Security and Facility:	Mr. L. Beaujon
ICT & Business Development:	Mr. J. Griffith
Financial Affairs:	Ms. B. Ignacius *(Interim – starting September 2022)*

Staff:

Corporate Treasurer:	Mrs. A. Daou
Risk Officer:	Mrs. M. Belioso
Advisor to the CTO:	Mr. J. Everon *(starting January 2023)*
Communications advisor:	vacant

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Advanced metering infrastructure (ami)

Transform operations and customer service using AMI technology

1 > Report from the board of managing directors

In motion.

1.1 In motion!

Aqualectra remains in motion in many ways to contribute to the wellbeing of the citizens of Curaçao. That's our purpose and what lies at the core of everything we do. The year 2022 has been a challenging one in which many steppingstones were steadily placed to construct the utility company we are envisioning: one that leads Curaçao into the future by transforming itself.

This transformation is not an overnight endeavor. 2022 marks the second year of the strategic plan launched at the end of 2020, covering the period 2021-2025. While at the end of 2021 we reported the initiation and/or preparation of many strategic programs, 2022 is the year in which these programs took off, gaining shape and for some, even becoming visible to the general public and our customers. However, they are not yet at fruition stage and some even delayed, but the mere fact that we are reaching the interim milestones set, and can already see some results unveiling, gives us modest satisfaction and certainty that the course we chose for at the end of 2020, is the right one. It took courage to choose for such an ambitious strategic path at the end of 2020, amidst unprecedented uncertain times due to an ongoing pandemic. Little did we know that a war between Ukraine and Russia was broiling up, taking an additional toll on the whole world, but impacting small economies like ours immensely.

Scarcity of various materials and parts, delays in delivery due to congested logistical routes and the increase in prices of almost every single product, paired with a constant downward pressure on the water and electricity tariffs, understandably due to the economic distress all of the above were causing and delays in some internal initiatives and projects to reduce expenses, resulted in stringent financial management to avoid complete depletion of Aqualectra's financial buffers.

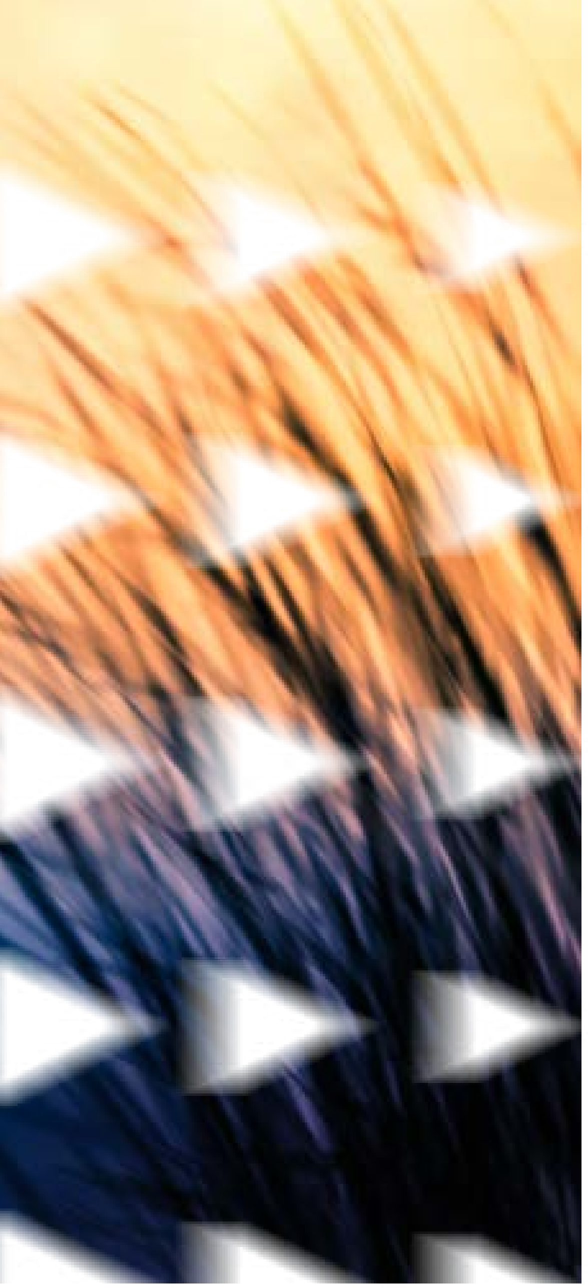
However, these demanding times have not withhold us to continue pushing the organization to its performance limits and add value to our community, even beyond what would be considered strictly our core business.

Hence, we look back on a 2022 of motion and challenges. The urban dictionary defines 'in motion' as: 'to be accomplishing things at a good speed'. In fact, it is not only about the accomplishments, but also about the speed. We look back at a year in which we took firm steps forward, but our speed was not as planned. However, it was a speed where most employees and stakeholders could keep up with, which is of utmost importance to making changes sustainably. Taking the fast paced world we live in and the trends in our industry in consideration, the challenge is to balance the speed with the need to accomplish.

1.2 The year at a glance

The need to accomplish is not a personal one, or just to make Aqualectra stand out. This need to accomplish stems from our purpose to "fundamentally contribute to the wellbeing of the citizens of Curaçao". To assist our community to prosper beyond its own imagination, to change the way we consume water and energy and apply telecommunication, to advance the country's digital penetration and to transition to environmentally friendly production methods.

Through its core business, Aqualectra ensured a reliable and sustainable supply of electricity and water to the island. Aqualectra has made significant investments in infrastructure and equipment to improve the quality of its services and minimize the impact on the environment. However, these investments are still not enough and we must continue to prioritize the production and distribution of water and power duly. Furthermore, it is imperative that we increase our focus on the increasing Non-Revenue Water and Electricity. Despite our efforts to detect and combat irregularities, the increase in these ratios is appalling and additionally is impacting Aqualectra's financial performance significantly. The excess Non-Revenue (surpassing the norms set) are not recoverable and Aqualectra is therefore not performing at its maximum profitability standard, which is also set by the Regulator (the Weighted Average Cost of Capital, the reasonable return). Aqualectra is recovering ANG 15-20 million less than what is reasonably allowed by the Regulator, which has a significant impact in the company's cashflows and funding needs.

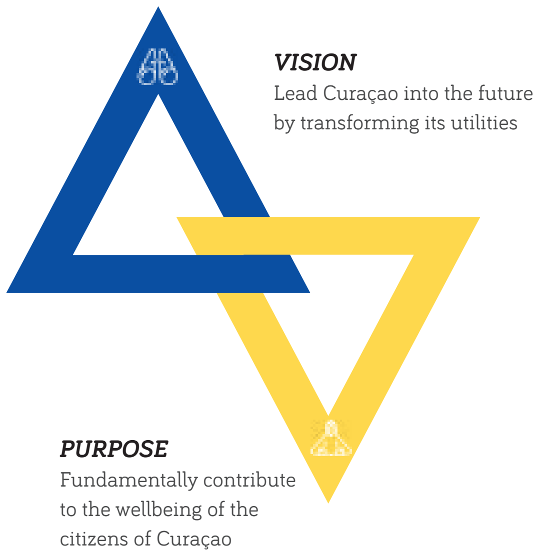


The current efforts and our investment in an Advanced Metering Infrastructure must be accelerated to ensure we bring these irregularities down as soon as possible.

We focused on improving customer service and communication channels, to ensure that customers receive timely and accurate information about their accounts and services. Aqualectra has also developed new products and services, such as digital communication channels, online billing and payment options, to meet the evolving needs of its customers.

Aqualectra invested in the development of its employees, providing training and development programs to enhance their skills and knowledge. We also promoted a culture of diversity and inclusion, ensuring that all employees are valued and respected. We must recognize that the project we initiated in 2021 with the aim to right size the company, lower personnel expenses and increase efficiency is delayed and must increase pace in the year to come.

Innovation is a critical aspect of Aqualectra's strategy, as we seek to leverage new technologies and solutions to improve the company's services and operations. Aqualectra is implementing several innovative projects, such as smart grid technologies, to enhance the efficiency and reliability of our services. The company has also embraced renewable energy sources, such as solar and wind power, to reduce its carbon footprint and contribute to the sustainability of Curaçao.



Finally, Corporate Social Responsibility (CSR) is an integral part of Aqualectra's strategy. The company is committed to contributing to the sustainable development of Curaçao through various CSR initiatives, such as community outreach programs, environmental conservation projects, and support for local businesses and organizations.

Throughout this report, we will highlight specific achievements realized during 2022 for each of our strategic pillars. These strategic pillars were translated in the eight major strategic programs that were bundled in the transformational portfolio we called 'AQUAFUTURA'. AQUAFUTURA is a portfolio of transformational programs, budgeted at ANG 265 million, with the aim to achieve Aqualectra's strategic goals.The following are main achievements during 2022, interim to the final results which will be tangible during the years to come.

Core Business

Various foundational stepping stones were established during 2022. The agreement to expand the wind capacity with an additional 22MW wind park was signed and the wind mills are currently in production, expected to arrive in Curaçao and be commissioned at the end of 2024. This expansion will leap the renewable energy penetration forward to 50% (currently 30%), ranking Curaçao as one of the leaders in this regard. Grid studies have concluded that to ensure stability in distribution, an industrial scale storage system must also be considered. During 2022, various analysis and calculations have been performed to simultaneously implement this Battery Energy Storage System at the end of 2024.

In addition to this expansion of renewable energy, we also embarked on the path to adopt Liquid Natural Gas ('LNG') as combustible to run the generators on and supply the remaining 50% of demand. We signed a 'Heads of Agreement' with Eagle LNG in 2022 to start negotiations. Beside a supply agreement between Aqualectra and Eagle LNG, we will also have to work on the conversion of the generators that currently run on fuel oil.

We also continued the negotiations with a supplier to reach at a Water Purchase Agreement of water to be produced at a new plant located at Hato West. Unfortunately, these negotiations stranded and we had to start negotiations all over again with a new supplier. However, even this detour was beneficial as it gave us the opportunity to rethink various specific details about this new plant. Nevertheless, it is important to recover the delayed time as the finalization of the current Water Purchase Agreement is approaching.

Beside the mentioned initiatives, improvement of the structure, culture and competencies will also be key components of the plan to strengthen the core business.

Customer Centricity

After making some abrupt changes to our customer service processes in 2020, following the consequences of the pandemic, it was time to lay the foundation towards the digital future of our customers' journey. First, we made sure to craft our customer centricity framework and concluded on the overall theme 'Hasi'e, Hasi'e bon, Hasi'e di Kurason!'. That means that our customer service level should be designed and centered around simplicity, excellence and meaningfulness. This framework was launched at the end of 2022, whereas the next step is to make sure that we translate it to what it means to each specific employee of Aqualectra, whether they have a client-facing role or not.

During 2022, we launched MiAqualectraDigital, which has become the umbrella of digital services within Aqualectra. At first, we developed an automated whatsapp solution where customers can request and receive their last invoice in a secure way in no-time. After its successful launch, we expanded the whatsapp service with interruption notifications. Instead of calling the customer center when experiencing an interruption, customers can now notify Aqualectra through whatsapp and include pictures, location, etc. This is a first step towards pro-active push notifications once the smart metering infrastructure is rolled out.

All the above are foundational steps towards launching a full fletched digital branch in the future. The MiKuenta platform was upgraded and we prepared thoroughly to upgrade the Avaya platform to enable omni-channel management. We also started preparations to launch smart forms to gain more efficiency in our back-office processes.

Becoming a customer centric and digital driven organization, requires different skills and competencies from our customer relations team. That is why we also conducted a thorough job analysis and recruited the team to man the Business Desk that is being prepared.

These foundational steps gear us right where we should be in 2023 and 2024 when the customer will be able to experience tangible results.

People Leadership

During 2022 we ensured the adherence to a new employee performance system. The Collective Labor Agreement ('CLA') signed in 2021 was properly introduced to the organization through in-depth sessions. We also met with unions several times on various topics to discuss and elaborate on the need for change. The project to right size the company and the Cultural Change project were heavily reviewed and thoughtfully engineered to make sure they run smoothly in 2023.

We also celebrated reaching a construction milestone of two new buildings, being the new office for Power Supply Chain and a new warehouse for the water plant at Fuik. Both buildings are modern, sustainable and efficient, equipped with innovative technologies and solar panels.
The focus on personnel development and training was further intensified in 2022. Employees were in attendance of various local and international training programs. However, we do recognize the need for a structured approach towards organizational development which is part of the Cultural Development program that is heavily delays, same as the project to right size the company. Due to many factors, both internally as externally, we have not been able to execute these projects at the planned pace.

Innovation

We ignited innovation on various fronts and made sure to embed innovative approaches with the execution of each strategic program. However, one innovative program that will change Aqualectra at its core, is the mass deployment of the Advanced Metering Infrastructure. Although partially delayed due to the scarcity of chips on the international market to manufacture the electricity meters, we managed to deploy 5,000 water meters and 1,200 electricity meters in 2022. We balanced 5 areas for water and 16 transformers area for electricity, and reduced the non-revenue in these areas by 50%.

With the deployment of the smart meters, comes the need to expand our already existing fiber infrastructure. At the end of 2021 we took the decision that this expansion of the fiber infrastructure cannot become an additional cost burden on the water and electricity tariffs and took the leap to apply for a telecommunication concession, with the aim to commercialize this fiber network, converting it from a cost center to a profit center. During 2022 we received the great news that Aqualectra was selected to receive this concession. We rapidly started the preparations to change our corporate structure to incorporate AquaTel N.V. and further refined the business case to determine the funding need. Preparations will be continuing in 2023, whereas we look forward to launch AquaTel in 2024, with a broad array of telecommunication services to the community of Curaçao.

Corporate Social Responsibility

With our purpose to fundamentally contribute to the wellbeing of the citizen of Curaçao, Corporate Social Responsibility ('CSR') must be an important strategic pillar. Although we are already showing a high level of CSR by ensuring qualitative and reliable water and electricity, produced through renewable sources as much as possible, our ambition to fundamentally contribute reaches beyond our core business.

That is why we supported various local social and community development initiatives during 2022. We are proud to have produced another Pasku Fiesta di Lus in 2022, after three years of no Christmas lights in our inner city for families to enjoy. We did it again in 2022 and are grateful to have had the opportunity to contribute to the local businesses in Punda and Otrobanda, while giving our community an additional reason to enjoy the season.

Besides sponsorships and donations, we have also committed ourselves to structurally contribute to the wellbeing of our community.
During 2022, we started with the deployment of the Smart LED streetlights infrastructure. This is an initiative we took to offer the Government Streetlights as A Service ('SAAS') through an SLA (pending to be signed), which the Government can afford to pay through the savings of their electricity consumption given the fact that these LED lights consume less electricity. With that, comes the replacement of all streetlights on Curaçao, which was kicked-off in 2022, with some of the main roads on the island. These lights provide an additional safety feature to the roads and public areas in Curaçao, while offering many other possibilities.

We also signed agreements and commenced negotiations for several second-grade water facilities for large industrial customers (mostly hotels) on the island. This is done through Aqualectra Multi-Utility N.V. ('AMU'), a subsidiary of Integrated Utility Holding N.V. ('IUH'), that aims at offering the customers value added services. These stand-alone second-grade water production units will lead to cost reduction for these customers. AMU also negotiated various solar installations with important and large customers, also aiming at their cost reduction and Aqualectra's customer retention, while contributing to Curaçao's energy transition.

2022 marked also the first year in which the group managed and operated Pagafasil, a payment services platform. The aim is to further develop this platform into more digital solutions, hence propelling forward the island's digitalization and financial inclusiveness.

1.3 From the outside in

Source: Central Bank of Curaçao and St. Maarten – Economic Bulleting March 2023

The global economy

Efforts by central banks to tame inflation took center stage at the end of 2022 and are one of the main drivers of global economic conditions in 2023.
In 2022, rates were raised faster than initially expected and, as a result, demand and inflationary pressures have started to cool in 2023. However, monetary tightening has brought about concerns about debt distress and has caused financial markets to become highly sensitive to inflation developments. Meanwhile, the conditions which shaped the global economy in 2022 have remained largely unchanged. The war in Ukraine has persisted, displacing millions of civilians and causing billions in infrastructure damage. Spillover effects of the war still have a

sustained impact on the commodity markets resulting in elevated energy and food prices. The latest estimate indicates that the global economy expanded by 3.4% in 2022, an upward revision compared to December 2022.

The estimates for both the advanced and emerging & developing economies have been revised up. In 2022, the advanced economies expanded by an estimated 2.7%, while the emerging & developing economies are estimated to have grown by 3.9%, 0.3 and 0.2 percentage point higher, respectively. In 2023, the expansion of the global economy is projected to decelerate further to 2.9%. The deceleration is driven by further interest rate hikes by central banks, specifically in advanced economies, and persistent spillover effects from the war in Ukraine.

The local economy

Following an expansion of 4.2% in 2021, real GDP in Curaçao grew, according to the latest estimates, by 6.8% in 2022. This growth reflects primarily a record-breaking number of stay-over visitors, reaching almost half a million in 2022. Meanwhile, official statistics indicate that the inflation rate reached 7.4% in 2022.

Private investments rose sharply in primarily the tourism, real estate, and utilities sectors. Meanwhile, the sharper increase in exports reflects the stronger recovery of stay-over tourism in 2022 that even surpassed the pre-pandemic level of 2019. Real GDP growth was, however, dampened by the high inflation which caused a sharper decline in private consumption. In addition, public demand contributed negatively to growth as both consumption and investment dropped in real terms. Also, imports rose at a faster pace reflecting the higher than initially projected gains in tourism expenditure and private investment.

On the production side, real value-added growth in the hotels & restaurants sector was revised up in line with the developments in stay-over tourism. In addition, the real estate, renting & business activities, transport, storage & communication, and wholesale & retail trade sectors contributed positively to the real economic expansion in 2022. By contrast, the contraction in the manufacturing sector is estimated to have been more pronounced than in the earlier publication due to a decline in ship repair activity.

Outlook 2023

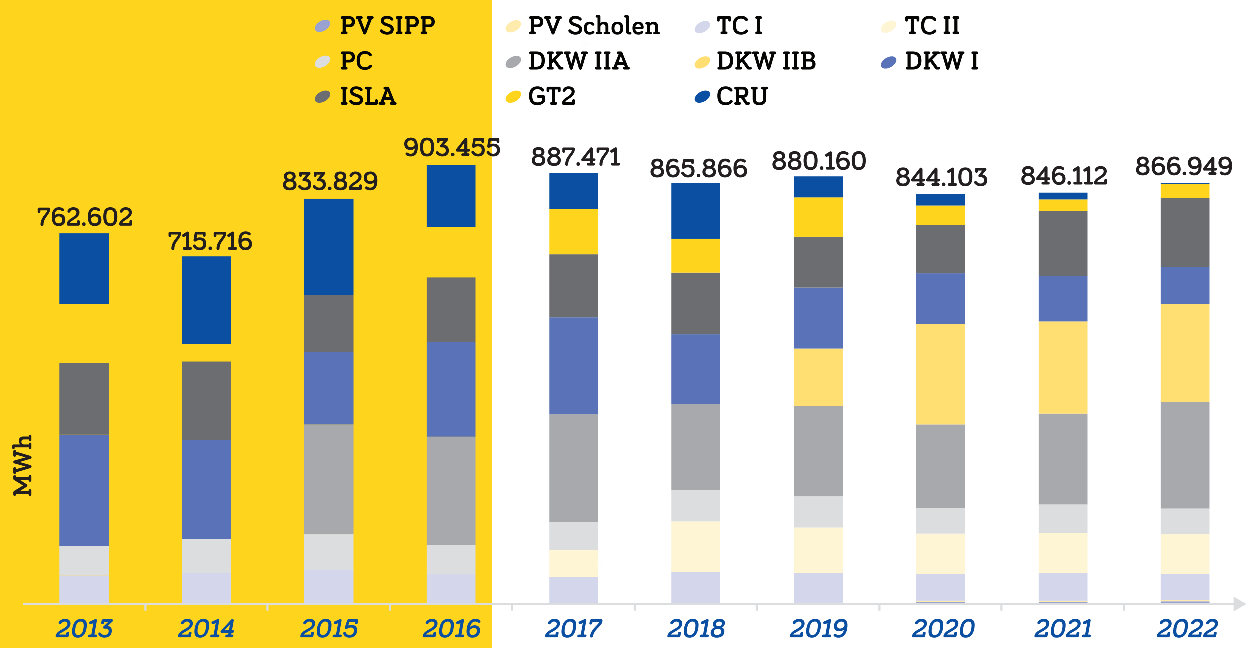
Curaçao's real GDP forecast for 2023 has been adjusted upward to 3.2%, a 0.5 percentage point increase compared to the Bank's outlook of December 2022 as the previously expected negative effect of a decline in seat capacity on flights from the Netherlands during the first quarter of 2023 on stay-over tourism and, consequently, real GDP growth, seems to be negligible. So far, the decline in the number of visitors from Europe has been compensated by an increase in stay-over arrivals from other source countries. In particular, the number of visitors from North America, i.e., the United States, has been showing a sharp increase.

Meanwhile, inflation is projected to decline to 4.6% in 2023, an upward adjustment of 0.1 percentage point. The adjustment reflects the upward effect of the increase in minimum wage on domestic prices which is partly offset by a sharper projected decline in international oil prices. It should be noted that the outlook includes the extension of the tax reduction on gasoline and gasoil which is currently slated to remain in place till March 31, 2023. In the previous outlook, it was assumed that this tax measure would have been withdrawn on January 1st, 2023.

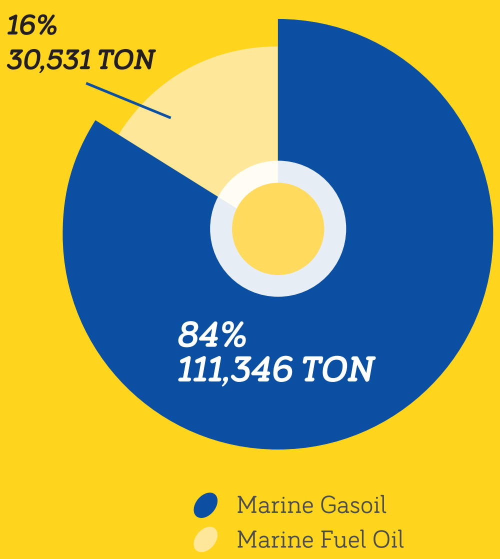
On the expenditure side, domestic demand is projected to increase at a faster pace in 2023 than in the previous outlook reflecting primarily a lower decline in private consumption due to, among other things, the partial compensation of purchasing power due to the minimum wage adjustment. In addition, private investment growth is projected to be more pronounced reflecting, among other things, capital spending in the utilities, real estate, tourism, and ship repair industries. By contrast, public demands' contribution to GDP will be more negative than earlier anticipated as a result of a sharper decline in government consumption. Meanwhile, net foreign demand is projected to decline at a slightly slower pace as a sharper increase in exports, reflecting a more positive outlook for the tourism sector, will surpass a higher than initially projected import bill. The higher import bill reflects the upward adjustment in domestic demand and the more positive outlook for tourism spending.

1.4 Operational performance

Production Mix Electricity



The following pie chart provides insight in the fuel types used during the production process:



1.4.1 Electricity

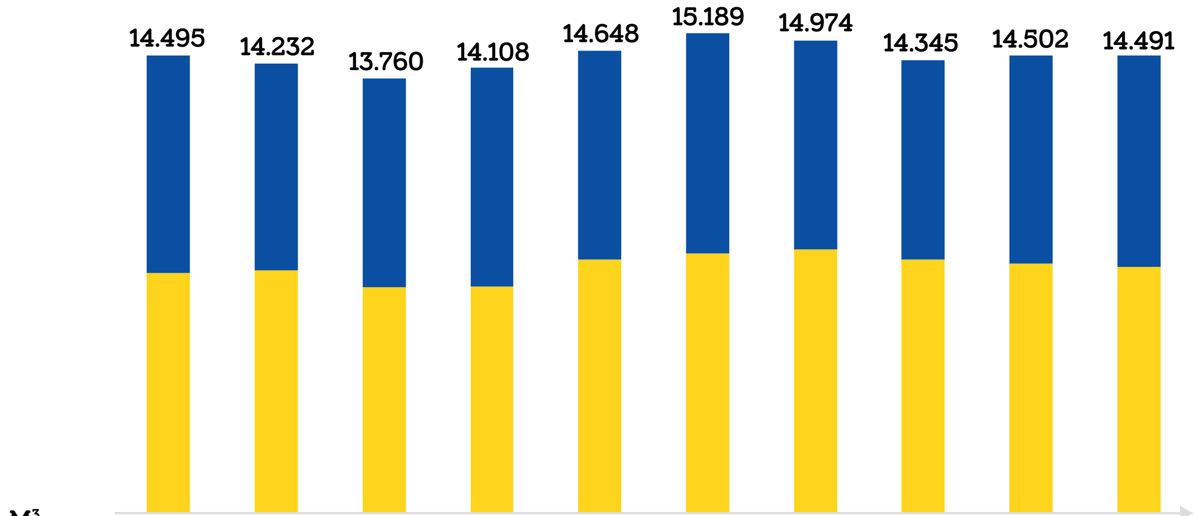
Electricity production was slightly higher compared to 2021. More than 32% (2021: 26%) of Curaçao's electricity demand is produced from renewable sources (wind and sun).

Aqualectra produced 866,950 MWh's (2021: 846,112 MWh's) with its own production facilities and used 163,974 Metric Tons (2021: 153,410 Metric Tons) of fuel. This represents an increase in efficiency by 3.6% (2022: 5.3 MWh per liter / 2021: 5.5 MWH per liter).

1.4.2 Water

The graph below depicts the production of water over the past years:

Production mix Water



M^3	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fuik	6.883	6.542	6.613	6.923	6.625	6.959	6.627	6.320	6.593	6.690
Mundu Nobo	7.612	7.690	7.147	7.185	8.023	8.230	8.347	8.026	7.909	7.802

Aqualectra produced 14,491,479 M3's (2021: 14,502,171 M3's) with its own production facilities and used 53,890,110 kWh's (2021: 54,877,150 kWh's) of electricity to produce this amount of water. This represents a decrease in efficiency by 1.78% (2022: 0.2689 m3 per kWh / 2021: 0.2642 M3 per kWh).

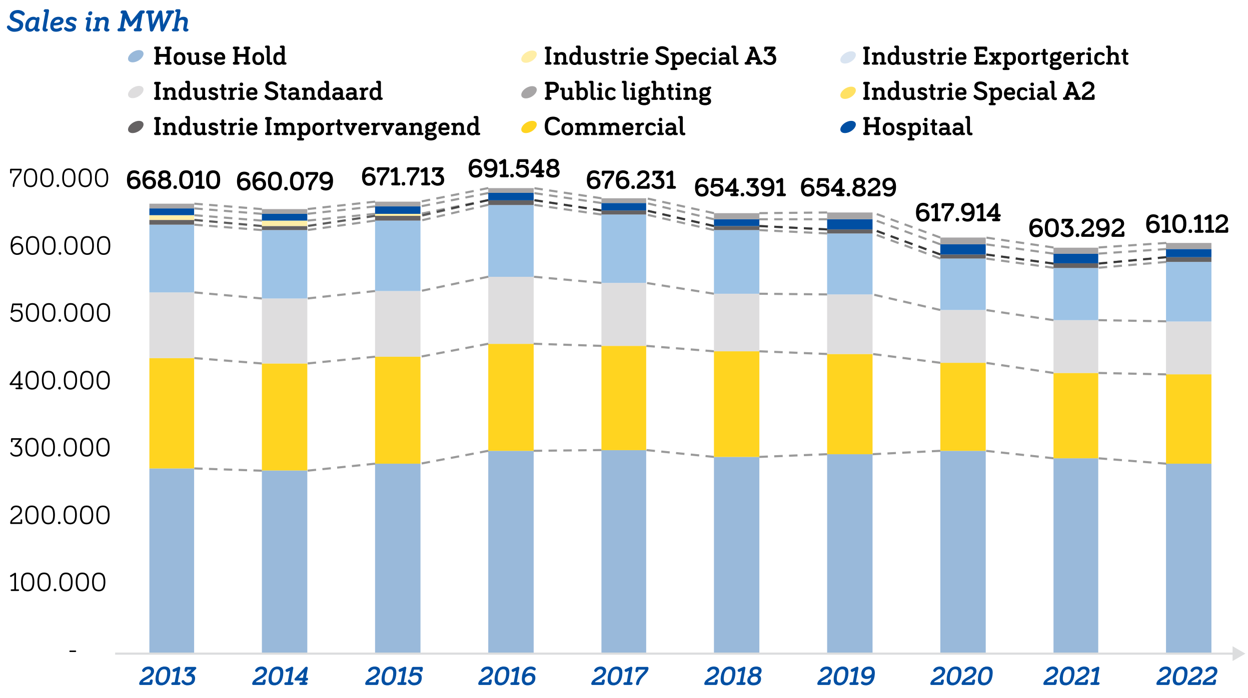
1.5 Commercial performance

1.5.1 Sales

The sales of electricity and water have shown a declining trend during the past years. COVID-19 has had a material impact on the sales, however, this declining trend is visible even before the pandemic, exposing a permanently shrinking economy. Both the electricity and water sales showed a slight increase in 2022 compared to 2021 but failed to reach pre-COVID levels. The increase in 2022 comes as a result of the supply of electricity to the ISO-containers of CUROIL and the lifting of most COVID measures in 2022 which resulted in unprecedented stay-over tourists' levels. The fact that the last complete lock-down was imposed in 2021, has a significant impact on the overall comparison of sales between 2021 and 2022.

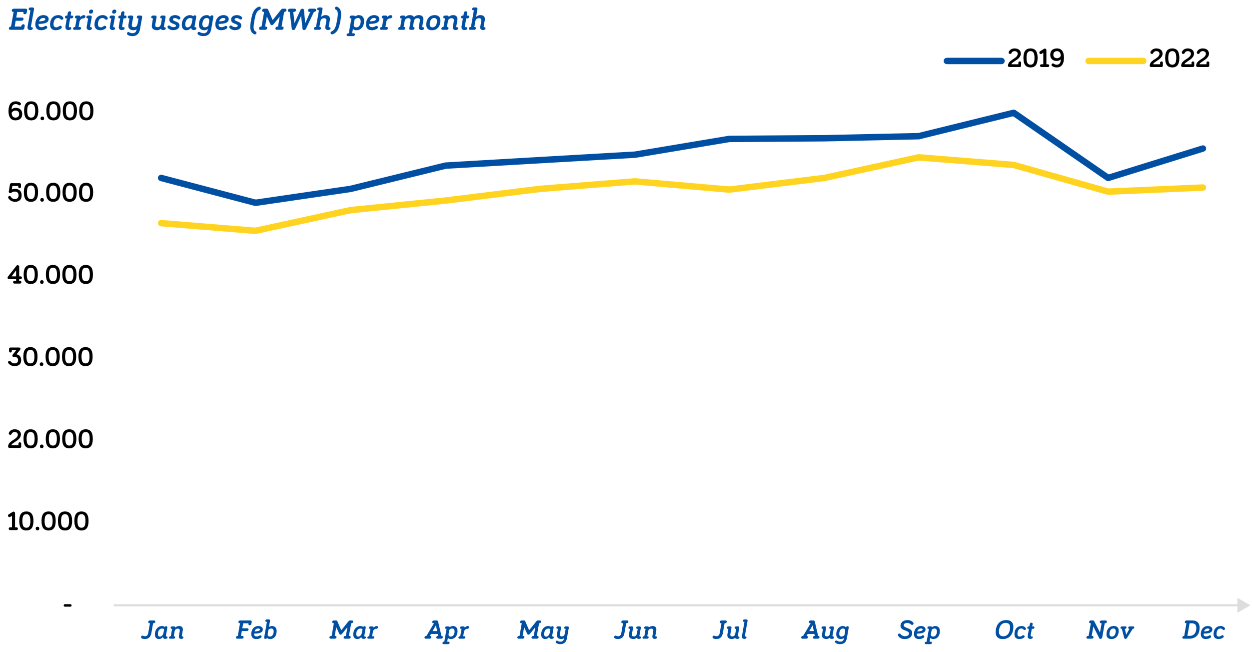
However, the slight increase in sales of electricity (1.1%), is skewed when comparing it to the increase in the production of electricity (2.5% increase), indicating a steep increase in Non-Revenue (NRE) percentages, continuing an increasing trend that has been ongoing for the past years.

The following graph depicts the development in sales electricity per tariff group:

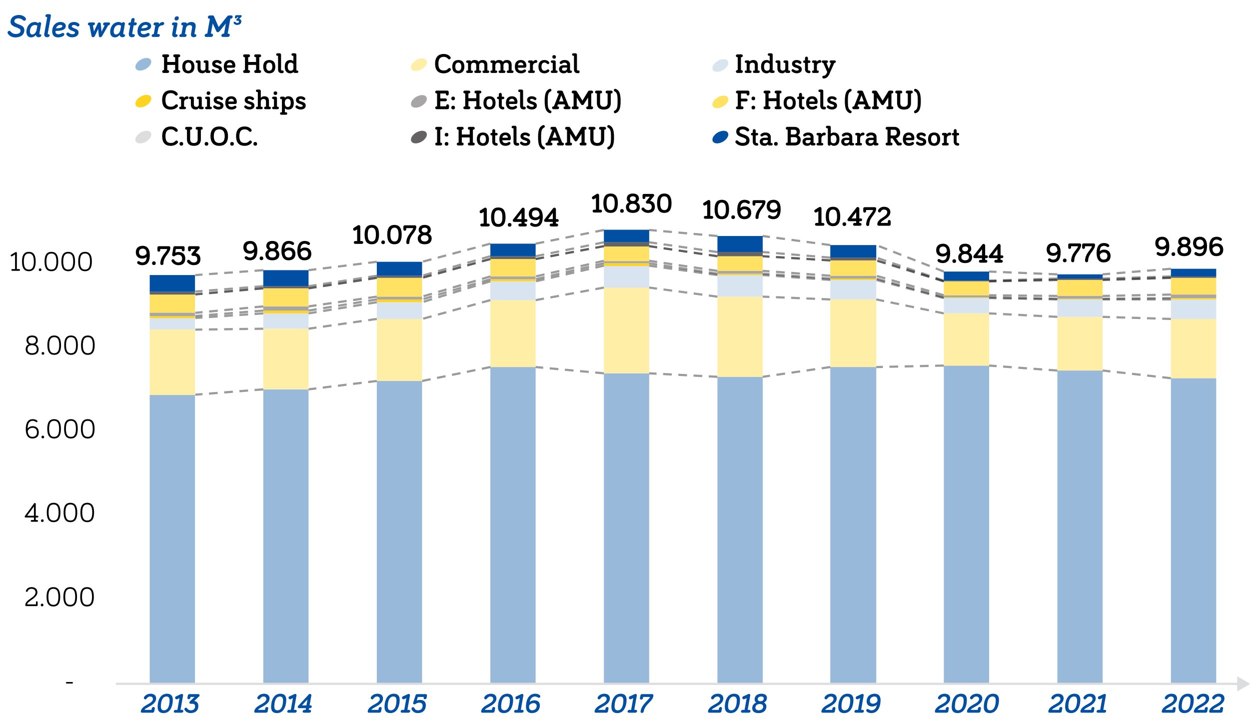


Sales increased by 1.1% (6,820 MWh) in 2022 compared to 2021. Starting June 2022, Aqualectra delivered 18,102 MWh's to Curoil to cool the ISO Containers that warehouse LPG for the consumption of the citizens of Curaçao. If this particular delivery is not taken into account, we can conclude that the sales would have been much lower as the demand continue to show an declining trend, due to the island's economic conditions and the increase of non-revenue electricity.

The following graph depicts the monthly electricity sales of 2022 compared to 2019, where it becomes visible that the monthly trend remains the same but the sales are consistently below pre-COVID levels:



The following graph depicts the development in water sales per tariff group:

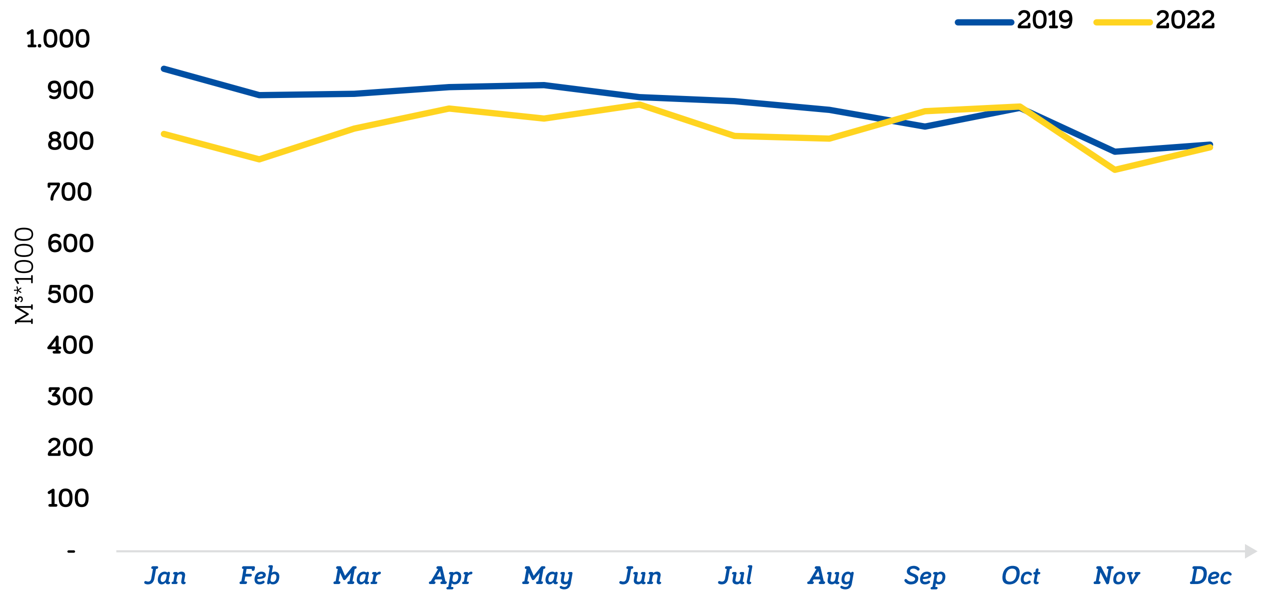


The impact of the COVID-19 measures on the sales of water was lower compared to the impact on the sales of electricity but cannot be neglected. Besides economic developments, water sales are mostly influenced by wheather conditions, even more so than electricity sales. The wheather was particularly wet during 2022, with more rainfall than what would be consider normal for Curaçao.

Non-Revenue Water is also increasing, following the same trend as the Non-Revenue Electricity increases over the past years. This is a worrisome development which Aqualectra will be actioning against during the coming period.

The following graph depicts the monthly water sales for 2022 compared to 2019, where it becomes visible that the monthly trend remains the same in most months, but the sales are mostly below pre-COVID levels:

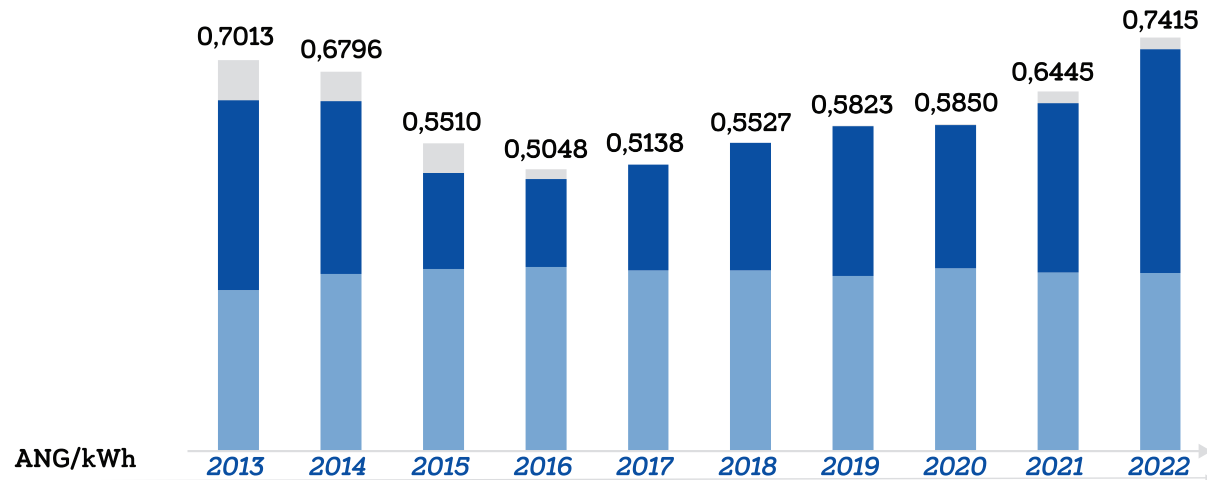
Water usages (M^3) per month



1.5.2 Tariffs

Despite Aqualectra's investments in renewable energy and the fact that the base component has not been changed since 2014, the total tariffs have been consistently increasing during the past years, due to the increase of the fuel component. The increase in the fuel component is mostly related to an increase in fuel prices, due to the closing of the Refinery and additions to surcharges in the fuel tariffs. The following graphs depict the developments in the fuel and base components of the average electricity tariffs:

Electricity Tariffs



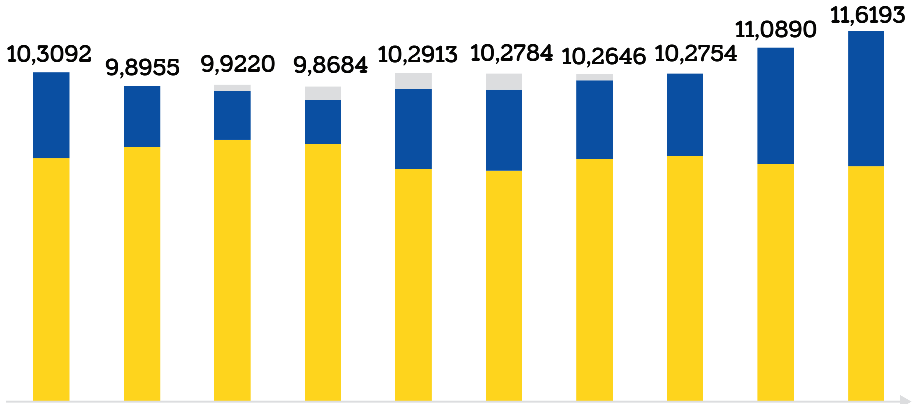
ANG/kWh	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Recovery	0,0721	0,0520	0,0520	0,0172	-	-	0,0002	0,0009	0,0205	0,0205
Fuel component	0,3411	0,3098	0,1724	0,1575	0,1898	0,2290	0,2679	0,2564	0,3041	0,4023
Base component	0,2881	0,3178	0,3266	0,3301	0,3240	0,3237	0,3142	0,3277	0,3199	0,3187

One of the aspects causing the steep increase in the fuel component since 2020 is the COVID surcharge to guarantee fuel supply and the surcharge to support the Refinery's operation until a new operator is found. It must be underlined that these surcharges are not for the benefit of Aqualectra. During 2022, the surcharges included in the fuel tariffs amounted to a total staggering amount of ANG 17.7 million (2021: ANG 31.0 million), charged to Aqualectra and passed through to our customers through the fuel component. The decrease is due to the lowering of these surcharges starting June 2022. Since its inception, the surcharges imposed to Aqualectra sum up to ANG 68.8 million. This is an average of ANG 0.03 per kWh.

Even though we understand the need for fuel supply guarantee, it is becoming increasingly more complicated for us to explain to the public why the electricity tariffs are at the level they are. Besides the tariff structure which is already cumbersome as it is, these surcharges inflate the tariffs more. Despite all efforts by Aqualectra to increase the share of renewables in the production mix and invest in efficient generators, the tariffs continue to increase.

The following graphs depict the developments in the fuel and base components and the average water tariff:

Water Tarriffs



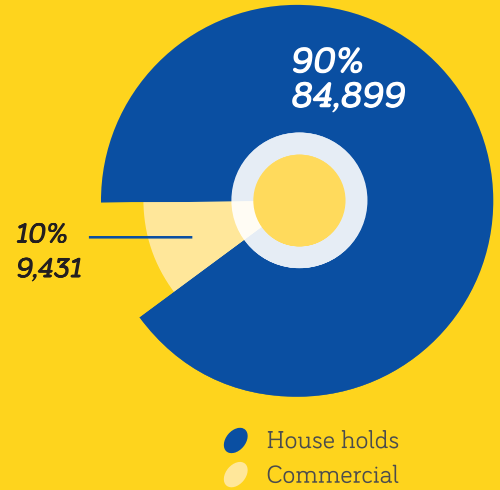
ANG/M³	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Recovery	-	-	0,1760	0,4143	0,4950	0,4955	0,2065	-	-	-
Fuel component	2,6856	1,9169	1,5413	1,3914	2,5054	2,5403	2,4448	2,5655	3,6435	4,2376
Base component	7,6236	7,9786	8,2047	8,0627	7,2909	7,2425	7,6133	7,7099	7,4455	7,3817

The water tariffs have also increased, mostly due to increase in the fuel component which is directly related to the increase in electricity tariffs as the main expense to produce and distribute water, is the electricity consumption. The cross-subsidy between the electricity and water tariffs remains noteworthy. To avoid an increase in the water tariffs, the Regulator allows a component in the electricity tariffs to cover for the under-coverage in the water tariffs.

1.5.3 Customers

Aqualectra's customer base consists of 94,618 electricity customers (2021: 90,983) and 91,953 water customers (2021: 90,863). The following pie chart depicts the composition of the electricity customers' database: 37% (2021: 36%) of these accounts are pre-paid accounts and make use of Aqualectra's product called Pagatinu and 63% (2021: 64%) pay their electricity bill periodically, at the end of each month.

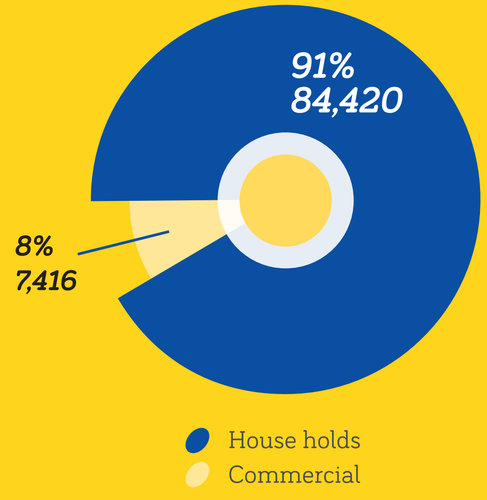
Electricity - Contract account per rate group



- *Industry accounts represent less than 1% of the total electricity accounts.*
- *Public lightning accounts represent less than 1% of the total electricity accounts.*

The following pie chart provides insight in the share of accounts using prepaid and postpaid service:

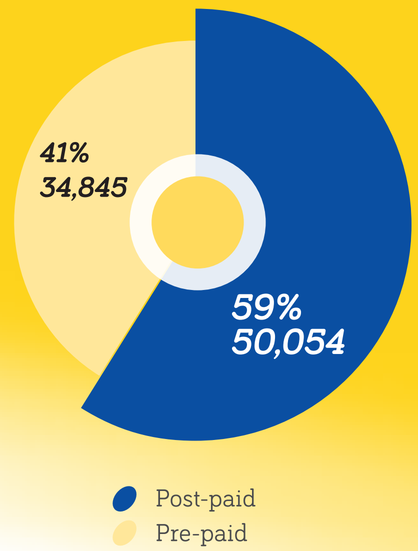
Water - Contract account per rate group



- *Hotel accounts represent less than 1% of the total water accounts.*
- *Industry accounts represent less than 1% of the total water accounts.*

The following pie chart depicts the composition of the water accounts database:

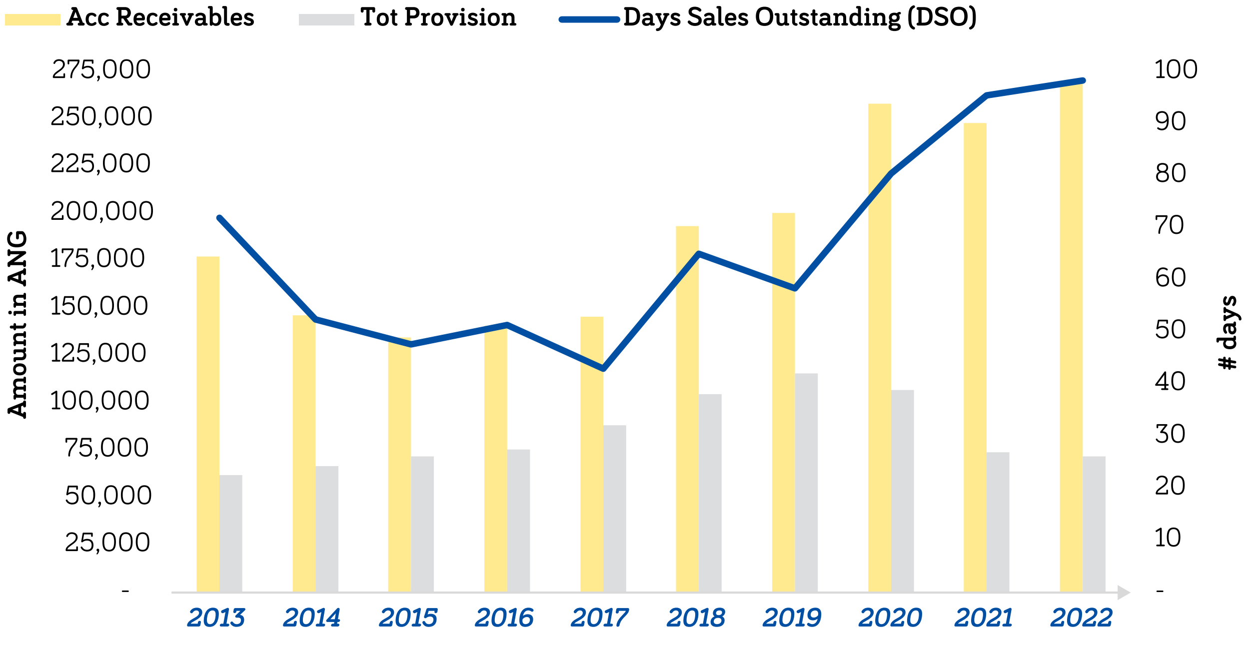
Domestic accounts: Pre-paid vs post paid



1.5.4 Accounts receivable management

The following graph depicts an analysis of accounts receivables over the past ten years:

Total provision vs Account receivables



The gross accounts receivables balance increased by ANG 21.6 million (8.7%) compared to 2021. This was influenced by the increase in Regulatory Receivables (ANG 2.5 million) and the Billing cycle to be invoiced (ANG 5.2 million). If these are not taken into account, the gross accounts receivable balance increase remains at ANG 14 million (5.6%). The increase in the average tariff of electricity and water are respectively 15.1% and 4.8%. Hence, the increase in the gross accounts receivable is in line with (even below) the increase in tariffs.

The above explains why the accounts receivables balance increased but the total provision decreased. The increase stems mostly from current invoices, resulting in a significant increase of the balance in the aging bucket of 0-60 days. The collection rate increased significantly compared to 2021 but remained below 100%. To be able to recover older balances, Aqualectra must reach a collection rate that surpasses the 100% mark. Looking forward to 2023, we can confirm that the 100% collection rate has consistently been surpassed during the first months of the year.
The increase in the Days Sales Outstanding reflect the fact that some key- and strategic accounts with larger balances remain uncleared, pushing this ratio upwards.

The increased focus on collections during 2022 resulted in the review and partly reconfiguration of the dunning process in the system and the write off of accounts deemed uncollectible. Furthermore, towards the end of 2022, Aqualectra started the disconnection of water again after almost three years of this procedure being discontinued due to the increased hygiene measures the ongoing pandemic required. Lastly, an increased focus on the Revenue Protection and Inspection department to detect irregularities and theft resulted in the collection of a significant amount.
The improvements in the configuration of the dunning process will also continue to be implemented in 2023. The aim is to continue to reduce trade accounts receivable and days sales outstanding to acceptable levels and ensure that Aqualectra can continue to invest and guarantee the production and distribution of water and electricity.

1.6 Financial performance

1.6.1 Statement of Comprehensive Income

Aqualectra's net result before tax is ANG 19.6 million (2021: ANG 30.9 million – gain). The following table details important financial performance drivers:

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021	Change in ANG	Change in %
Revenues electricity	470,152	395,601	74,551	19%
Sales electricity in MWh	610,112	603,292	6,820	1%
Revenues water	115,642	108,549	7,093	7%
Sales water in 1000m^3	9,896	9,776	120	1%
Direct cost production and other direct cost of sales	(335,918)	(233,003)	102,915	44%
Gross profit	260,285	281,484	(21,199)	(8%)
Gross profit margin	45%	56%	-	-
Operating expenses	230,908	240,438	(9,530)	(4%)
Operating profit	29,377	41,046	(11,669)	(28%)
Interest expenses, net	(9,765)	(10,129)	364	(4%)
Net result before tax	19,612	30,917	(11,305)	(37%)

Both the comparison with 2021 and budget (budgeted profit before tax: ANG 17.6 million) display variances when compared to 2022 actual financial performance.

2022 versus 2021
The comparison to 2021 is influenced by higher revenues, caused by higher tariffs and slightly higher demand. Sales in MWh's increased by 1% compared to 2021. Electricity revenues were also higher than 2021 by 20%, due to the recognition of Regulatory assets upon approval of the under-coverages on fuel and base component for the year 2020 and 2022. A total amount of ANG 15 million was recognized in 2022 as Regulatory Asset to be recovered in 2023 and beyond. From the ANG 15 million recognized, ANG 10.2 million regards under-coverages in fuel and base component pertaining to 2020 (based on ex-post calculation) and ANG 4.8 million regards to under-coverages in the fuel component pertaining to the year 2022. The under-coverages in 2022 were a direct consequence of fuel-inefficiencies due to the use of GT-2 (Refer to paragraph below). Based on the above, ANG 10.2 million was included in revenues that did not pertain to 2022. When excluding this specific transaction, revenues would reach ANG 462.7 million, higher by 17% compared to 2021. Average electricity tariffs increased by 15.1% while water increased by 4.8% compared to 2021.

Direct costs of production and other direct costs of sales increased by 44%. The increasing fuel prices on the international market heavily influenced the direct costs, which also explains the increase in average electricity tariffs by 15.1%. Besides this, also a higher fuel usage in metric ton was experience (13%). There were several instances during the year that the plant at Mundu Nobo (GT-2) had to be put into the production mix due to breakdown of some machines at Dokweg. The repair of these machines took longer than expected due to the scarcity of materials on the international market and congested logistical routes. The GT-2 plant is a less efficient plant that consumes more fuel. Given the full fuel passthrough, the increase in direct costs, results in an increase in the tariff's fuel component and has no impact on Aqualectra's profitability.

The decrease in the Gross profit is directly related to increase in direct cost of production, mainly fuel expenses. Given the two-month lag, some of these expenses are yet to be recovered in 2023. Influencing the gross profit negatively is also the steep increase in Non-Revenue Electricity and Water. Despite the increased focus to detect and correct unregistered usage, the non-revenue water and electricity continue to increase, presumably due to the worsening economic condition combined with the increase in tariffs, which prompts more customers to recure to theft.

The decrease in Operating expenses is mainly related to decrease in depreciation expenses ANG 25.4 million offset by an increase in Personnel expenses by ANG 9.1 million, increase in Repair and Maintenance expenses by ANG 4.2 million and increase in General expenses by ANG 3.6 million.

The decrease in Depreciation expenses relates to an unusual higher expense level in 2021 because of a reclass of ANG 15.8 million relating to depreciation expenses on Major Spare Parts. The personnel expenses are higher compared to last year mainly because of a larger personnel database (595 compared to 563). Other personnel expenses were also higher compared to last year mainly in the education and training category. There were several sessions held during the year to properly introduce the new CLA and also increase in the training programs compared to prior year. Repair & Maintenance expenses are slightly higher because the balance last year included the reclass adjustment of the Major Spare Parts assessment.

The General expenses show an increase compared to last year because the balance last year included one-time releases of old suspense balances recorded in 2021, resulting in a credit balance of Other general expenses.

2022 versus budget
Aqualectra budgeted a profit before tax of ANG 17.6 million and is reporting an amount of ANG 19.6 million. The variance of ANG 2 million relates mainly to lower Operating expenses and slightly higher Gross profit as a result of the recognition of the Regulatory Asset of ANG 15 million (under-coverage 2020 and 2022). When excluding this amount, the Gross profit would be lower since the incurred direct cost of production was 43% higher than budget. Revenues of electricity and water were both above budget because of higher tariffs and slightly higher demand. The growth of the Non-Revenue Water and Electricity rates surely impacted the revenues adversely while the delay in the rightsizing project resulted in higher personnel expenses.

Coverage calculations
The Coverage calculations are detailed as follows:

COVERAGE CALCULATION FUEL COMPONENT

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Coverage calculation fuel component		
Coverage fuel component E	250,810	183,461
Coverage fuel component W	41,937	35,619
Total coverage fuel component	**292,747**	**219,080**
Expenses in the fuel component E & W	(334,039)	(232,551)
Total realized expenses in the fuel component	**(334,039)**	**(232,551)**
Under-coverage fuel component developed during the reporting period	**(41,291)**	**(13,471)**
Recovery Fuel component		
Recovery component E	12,507	9,496
Recovery component W	-	-
Recovered during the reporting period	**12,507**	**9,946**
Outstanding balance under-coverage per the end of the period		
Beginning balance (excluding regulatory account December 2010)	(110,621)	(106,646)
Under-coverage fuel component developed during the reporting period	(41,291)	(13,471)
Recovery fuel component E & W	12,507	9,496
Total Balance of Coverage Fuel Component	**(139,405)**	**(110,621)**

COVERAGE CALCULATION BASE COMPONENT

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Coverage calculation base component		
Coverage base component E	198,691	192,993
Coverage base component W	73,052	72,788
	271,743	**265,781**
Realized base Expenses		
Reduction of expenses in base component due to miscellaneous sales	(22,636)	(35,984)
Other direct costs of sale	1,879	452
Personnel costs	106,971	98,316
Reorganization expenses	0	0
Parts, repair and maintenance	33,166	28,934
Customer relations service fees	4,068	7,023
General expenses	30,517	26,946
Depreciations	48,829	74,243
Expected credit loss	7,356	4,976
Total realized base expenses	**210,150**	**204,906**
Weighted Average cost of capital	51,564	56,976
Total Expenses + WACC	**261,714**	**261,882**
Coverage base component developed over the reporting period	**10,026**	**3,899**

During 2022, Aqualectra developed an under coverage on the fuel component by ANG 41.3 million. This is mainly due to the i) increasing NRE/NRW ii) fuel correction applied by the regulatory due to non-conformity of fuel usage norms and iii) the two-month lag built in the tariff setting mechanisms. The non-compliance with the norms set by the Regulator (specially the non-revenue norms) results in this under-coverage amount being only partly recoverable. Aqualectra also developed an over coverage on the base component of ANG 10 million.

1.6.2 Statement of Financial Position

The following table summarizes the Statement of Financial Position:

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021	Change in ANG	Change in %
Non-current assets	646.936	645.932	1.004	0%
Current assets	310.015	269.855	40.160	15%
Equity	424.686	407.708	16.978	4%
Non-current liabilities	339.755	363.883	-24.128	-7%
Current liabilities	192.510	144.196	48.314	34%
Investments in PP&E	50,606	48,337	2,269	5%

The increase in non-current assets is mostly related to the increasing work in progress assets partially offset by the amortization and depreciation on the property, plants and equipment.
The current assets increased as a result of the increase inventory, trade accounts receivables, other receivables partially offset by a decrease in cash & cash equivalents. Inventory is higher as the Group made significant purchases, which included smart meters, cables and parts in advance for the planned projects and overhauls for 2023. An ANG 13 million increase in trade receivables relates in part to the recognition of Regulatory Assets (ANG 10.2 million) related to the under coverages of 2020 and ANG 4.8 million related to fuel under-coverage for 2022. Other receivables include the receivable of ANG 6.7 million from the government related to the retirement obligations for which, the court ruled in favor of APC in 2021 and the transitionary receivable related to the operations of "Pagafasil", yet to be deposited by the merchants at year-end.

1.6.3 Cash flow statement

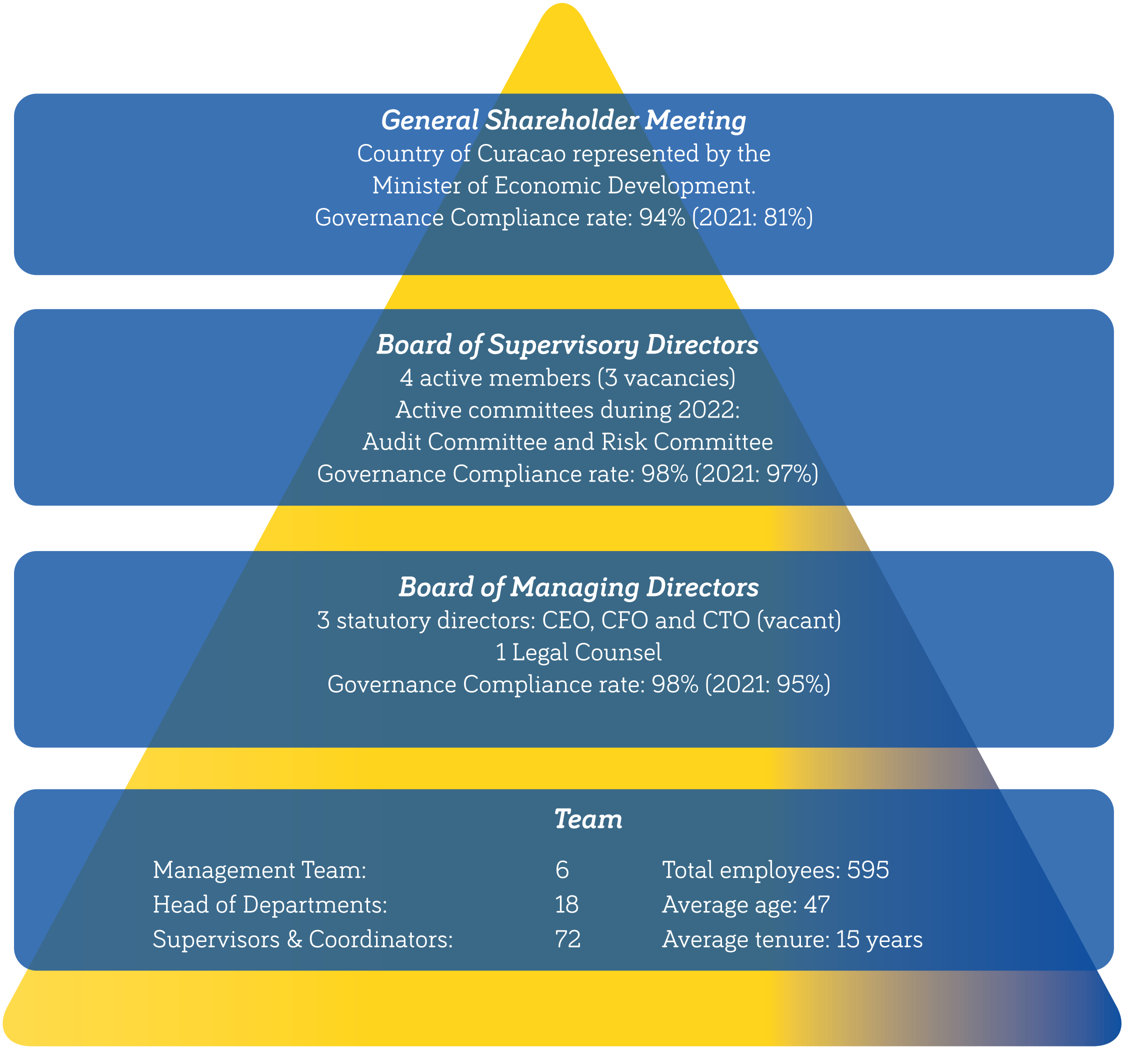
The following table provides a summary of the Cashflow Statement:

CASH FLOW DEVELOPMENTS

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Operating cash flow	59,033	92,352
Investing cash flow	(57,732)	(66,252)
Financing cash flow	(16,590)	(28,203)
Net change in cash and cash equivalents	**(15,289)**	**(2,103)**

1.7 Corporate Governance

Aqualectra's governance structure is depicted as follows:



The four years term of Mr. Romanus Rudolph came to an end on August 31, 2022. Mr. Rudolph was appointed as member of the Board of Supervisory Directors, especially for his knowledge and experience on HR related matters. He contributed immensely to a sharp oversight and even served as Chairman at times, when there was no Chairman appointed. His guidance and advice were always on point. We thank him for his contribution to Aqualectra.

During 2022 we also parted from Mr. Gregory Pijpers, Manager Common Services, as he reached his retirement age. Mr. Pijpers knew Aqualectra very well after working 32 years and assuming various positions as well as leading many strategic projects. We would like to take this opportunity to show our gratitude to Mr. Pijpers for his years of commitment and passionate contribution to the growth of Aqualectra.

After a few years of having a vacant position of Manager Financial Affairs, we found a suitable candidate in Mrs. Betzabeth Ignacius, who accepted to assume this position ad-interim. Mrs. Ignacius is no stranger to Aqualectra, as she has been supporting the Company with various financial analysis and reporting matters. Her dedicated yet no non-sense approach adds a different twist within our Management Team.

1.8 Risk management

Risk Management has been evolving and maturing within Aqualectra. During 2022 we further embedded Risk Management within Aqualectra by implementing a specific application for the continuous assessment and reporting on risks within the Company. This application (Zenya) is a best in class system that helps in keeping the organization on its toes with regards to things that could go wrong and hamper us from achieving our goals.

The following tables reflect the heatmap and the risks by category, as managed and reported upon during 2022:

Probability \ Impact	Very low	Low	Medium	High-	Very high
Very likely		1		1	
Likely		5	4	4	
Possibly		9	22	12	
Unlikely	1	8	12	4	1
Very unlikely	3	3	2	1	

The five risks that are considered to have a high impact if occurred and are likely to very likely to occur are the following:

Risk	Risk catergory	Risk treatment
The risk of revenue loss due to incorrect/ incomplete meter readings. Data accuracy challenges due to third party application used. **Risk actions:** This risk in the meanwhile became an issue and is managed with direct involvement of the CFO. Two main mitigation activities were identified: • Handling with the handheld software supplier to resolve performance issues; • Additional procedures implemented: facilitate the customer to deliver meter reading to avoid estimations.	Operational / Commercial	Mitigate

Risk	Risk catergory	Risk treatment
Risk of uncollectable invoices from delivery of water and electricity (trade receivables) leading to unavailability of cash resources to meet obligations. **Risk actions:** • Collection process has been optimized; • Additional manpower in place for more intensive collection actions; • Development of dashboard adequate data management which is a prerequisite in the collection process; • A collection agency has been contracted. The results are so far better than with past agencies.	Financial	Mitigate
Non-compliance to performance requirements due to mismatch between required quantity and skills of personnel of Power Supply Chain (specifically regarding grid maintenance and Transmission & Distribution). **Risk actions:** Hiring a temporary workforce is being evaluated. However, risk of including temporary workers in critical processes such as metering is also being taken into account before reaching to a final decision. Note that this risk directly impacts the meter to cash process as it leads to long waiting time for meter replacement/ new meter installation and thus non-compliance to the company connection conditions.	Operational/ Power Supply Chain	Mitigate
The risk of an unmanaged non-revenue of water and also supply interruptions due to the old piping system. This risk impacts both the availability and the quality of water, the latter by means of "brown water". **Risk action:** Aqualectra has been replacing the old pipes continuously and on an annual basis, but the progress however is slower than desired. A new approach is being devised in which by means of more data analytics (combining available data and currently gathered data from the AMI meters), operations can zoom in on specific areas of focus, in order to realize a more optimal use of the available resources.	Operational/ Water Supply Chain	Mitigate
The risk of human errors due to an increased absenteeism rate (and thus increasing workload for the remaining personnel) of the plant operations water department. **Risk actions:** This matter has been discussed internally and several process optimization actions are being considered. In addition, several operators have been recruited and are in training in order to join the workforce of Water Supply Chain.	Opertational/ Water Supply Chain	Mitigate

1.9 Peaking into the future

During 2023, we look forward to continue in motion. A strategic plan like Aqualectra's is not something that can be realized in a few months but entails a long term vision that takes time to come to fruition. As in 2022, we look forward to a 2023 of more foundational steps, more work from within to make sure the results can be loudly displayed in 2024 and 2025. Financially, 2023 will be a year in which strong financial stewardship will be needed, as the ambitious CAPEX plan will be in full execution and the results are yet to be yielded. This will require additional funding, for which a financing request must be prepared early 2023.

The focus will continue to be on cost reduction through efficiency gains, automation and digitalization while training employees to become the leaders needed to carry the various innovations that are being rolled out. Furthermore, a strong focus on the reduction of non-revenue water and electricity will ensure improved profitability. All the above, while we will have increased attention to the core business and reduction of non-revenue ratios.

All hands must be on deck during 2023. That means the organization, the Board of Supervisory Directors, the Shareholder and many other stakeholders that are important in the endeavor to becoming the utility of the future!

1.10 With gratitude

Aqualectra remains in motion to achieve its strategic goals and contribute to the sustainable development of Curaçao. The company's focus on Core Business, Customer Centricity, People Leadership, Innovation, and CSR has enabled it to improve its services, support economic growth and the wellbeing of the community.

Aqualectra is also adapting to the changing trends in the global utility industry, by investing in new technologies and solutions to better meet the evolving needs of its customers. As we move forward, Aqualectra will continue to remain in motion, driven by its commitment to excellence, innovation, and sustainability.

This ambitious path, and the achievements of 2022, will not and could not been achieved without the relentless passion, pride and everyday commitment of our 595 employees. Inherent to small economies is the scarcity of people and resources to keep up with global standards.

Despite this scarcity and aware of the toll it takes on all of us, our team showed up and delivered! However, we must admit that we were not pursuing the various initiatives at the pace we had planned.
We continue to count on our team to catch up on the delays in 2023.
We are proud and grateful to have such a dedicated team and take this opportunity to say THANK YOU!

We also would like to thank the unions SEU, STK and STKo and the Regulator (Bureau Telecommunicatie & Post) for keeping us sharp, the Banks and Financial institutions for their support, the Board of Supervisory Directors for their balanced oversight and our Shareholder for their trust.

We look forward to a 2023 of more motion, achievements and impact!

Willemstad, May 23, 2023

Darick P. Jonis MSc. MBA
Chief Executive Officer

Neysa R. Isenia MSc. RA
Chief Financial Officer

From left to right: Nathaly Boeldak-Theodora, Raycelli Seferina, Neysa Isenia, Robert Celestina, Joseph Everon, Rudolf Garmes, Julius Griffith, Raichel Leito and Betzabeth Ignacius. Missing in picture: Darick Jonis, Reagan Celestijn and Lucas Beaujon

Customer centricity

Become the customer's partner and cultivate satisfaction at every touch-point

2 Report FROM THE BOARD OF SUPERVISORY DIRECTORS

Report from the board

Pursuant to the national ordinance Code Corporate Governance that is applicable for all state owned entities and/or entities that are subsidized by the Government of Curaçao, the Board of Supervisory Directors ('BSD') should issue a report at the end of each year, detailing amongst others its composition, activities, remuneration, instances of non-compliance and activities of committees. The BSD of Integrated Utility Holding N.V. hereby duly complies with this requirement, by means of the following report.

2.1 Board meetings and decisions

The task of the BSD is to supervise and advise the Board of Managing Directors ('BMD') amongst other, on the implementation of the policies and the strategy set forth by the General Shareholder's Meeting ('GSM') – the Legal Entity of Curaçao.

In this role, the BSD is responsible for assessing whether the decisions taken by the BMD are in compliance with the Company's strategic, societal, financial and technical objectives. The BSD also devotes attention during the board meetings to adherence by the BMD to all laws, regulations and internal procedures. The key decisions taken by the BSD are outlined below:

Core business:
- The need for a strong reduction in NRE and NRW losses;
- Emphasis to BMD to implement KPI's throughout the organization;
- Emphasis to BMD to timely execute the Rightsizing project;
- Emphasis to BMD on strong follow up on studies regarding black-outs 2020/2021

Projects:
- Purchase of parcels of land;
- Various infrastructure projects (Parceling plan Vidanova; Grid improvement area Fuik/ Seru Grandi; Engine Life Extension & Capital Spare parts for MDPP Engines);
- Reconstruction of the 12kV grid from Substation Weis to Verdeelstation Van Krimpenlaan;
- Selection Civil Contractor;
- Start LNG Study;
- Information and update on strategic and key projects (Advanced Meter Infrastructure; Rightsizing; New Headquarters; SAP4AQL; Relocation of the Mundu Nobo plant; Security of Energy Supply; etc)
- NRE / NRW analysis and solution path;
- Bill payment services;
- Engagement in telecom business;
- Modernizing of Public Streetlight Infrastructure;
- Various commercial projects to be executed by Aqualectra Multi Utility ('AMU').

Financial matters:
- Approval of the Consolidated Financial Statements 2021;
- Approval of the Budget 2022 & Forward Looking Projections 2023-2027;
- Periodic financial performance (KPI's);
- Write-off of non-collectible accounts receivables;
- Tax matters;
- Renewal Property Damage / Business Interruption program;
- Appointment of the external auditor for 2022 - 2025.

Governance related matters:
- Preparation for GSM;
- Internal audit plan;
- Risk management;
- Vacancies BSD;

Other business:
- Task setting BMD 2022;
- Succession planning.

When discussing and approving these matters that the BMD presented to the BSD, the roles and responsibilities as bestowed upon the BSD have been fulfilled.

2.2 Compliance with the Corporate Governance Code

The BSD strives to be compliant with the Code of Corporate Governance. The following compliance rates were achieved during 2022 by the various instances of governance in the Company:

- Compliance to the Code of Corporate Governance by the GSM: 94% (2021: 94%)
- Compliance to the Code of Corporate Governance by the BSD: 98% (2021: 97%)
- Compliance to the Code of Corporate Governance by the BMD: 98% (2021: 95%)

The following instances of non-compliance to the BSD's tasks and responsibilities have been noted:

Nr.	Description	Explanation
1	Timely submission of adequate information from the BMD to the BSD (2 weeks before BSD meetings).	The minimum of two weeks before each BSD meeting to submit information was not adhered to by the BMD.
2	BSD meeting at least twice a year making a self-assessment of the BSD, the BMD and its individual members and conclusion drawn on the assessment (without BMD present).	The BSD performed a self-assessment once during 2022 and not twice. A formal performance evaluation of the BMD by the BSD was not executed in 2022. However, BSD meetings pose a constant evaluation of the decisions made by the BMD and the execution of their management tasks.

The BSD will maintain its focus on its own compliance with the governance regulations and will stimulate the BMD and the GSM to maintain and /or improve the current compliance rates.

2.3 Composition of the BSD

The members of the BSD are appointed for a term of four years with a maximum of two terms. During 2022, the BSD consisted of the following Supervisory Directors:

Name	Function
Mr. K. van Haren September 9, 2020 - 2024	**Supervisory Director** Chairman of the Board of Supervisory Director Member of the Risk Committee
Mr. R. Rudolph August 31, 2018 – 2022	**Supervisory Director** Acting Chairman (August 1, 2020 – September 8, 2020) Member of the Audit Committee
Mrs. J. Da Silva Goes Laclé March 20, 2019 – 2023	**Supervisory Director** Member of the Audit Committee
Mr. A. Martina March 5, 2021 - 2025	**Supervisory Director** Chairman of the Risk Committee
Mr. P. Aberson March 5, 2021 - 2025	**Supervisory Director** Chairman of the Audit Committee

In accordance with the Code Corporate Governance, members of the BSD are entitled to a financial compensation. During 2022, the following expenses have been incurred to remunerate the BSD members:

Name (amounts in ANG)	*2022*	*2021*
Mr. R. Bulbaai	-	16,635
Mr. R Rudolph	15,094	22,641
Mrs. J. Laclé	22,641	22,641
Mr. K. van Haren	31,446	31,446
Mr. A. Martina	25,157	20,590
Mr. P. Aberson	22,641	18,563
TOTAL	**116,979**	**132,516**

The net amount disbursed to the Supervisory Directors is based on a Ministerial Decree adopted by the Government regarding remuneration of the Supervisory Directors of government owned entities, which is ANG 1,000 per month for the members and ANG 1,250 per month for the chairman. The difference between mentioned net amount and the elucidated gross amounts in above table are solely for the purpose of complying with the lawful taxes and social premiums.

In accordance with the Code Corporate Governance, all members of the BSD are independent. The principal appointment/position and all other relevant additional positions of each board member have been adequately documented and this is retained in the BSD handbook.

In 2022, the BSD held seven (7) meetings for Integrated Utility Holding N.V., seven (7) meetings for Aqualectra N.V., three (3) meetings for Aqualectra Multi Utility N.V. and two (2) meetings for Utility Financial Services N.V. All BSD members in function at the date of the respective regular meeting, attended the meetings as scheduled. A majority of the meetings of the BSD and its committees were attended by the secretary to the BSD who was responsible for the minutes. In the absence of the secretary of the BSD, the General Counsel & Corporate Secretary of the Company was responsible for the minutes.

2.4 Committees of the BSD

2.4.1 Audit Committee

The requirement to instate an audit committee becomes valid when a board exceeds five members. However, the BSD of Aqualectra consisted of four or five throughout 2022 but maintained its audit committee that was instated at the beginning of 2019 active. The Audit Committee met five (5) times during 2022, whereas main topics discussed comprised:

- The quarterly financial reports;
- The audited financial statements for the year ended December 31, 2021, including the choice of accounting policies, application and assessment of effects of new regulations, insight into the treatment of significant judgement items in the financial statements, forecasts, work of internal and external auditors;
- The budget for 2023 and forward looking projections 2024-2028;
- The functioning of the Internal Audit Department;
- The funding, capital and financing structure of the Company;
- Various other internal control, risk and tariff regulation related matters.

Furthermore, the Audit Committee functioned as first point of contact for the external auditor and met once with the external auditor in absence of the BMD.
The Audit Committee together with the BMD thoroughly evaluated the role and performance of the external auditor. Deloitte Dutch Caribbean was appointed by the GSM as the external auditor for the fiscal year 2022 - 2025.

The members of the Audit Committee during 2022 were Mr. Aberson, (Chairperson), Mr. Rudolph and Mrs. Laclé.

2.4.2 Risk Committee

The Risk Committee was introduced in 2021, with the aim to oversee the risk management framework and supervise the management of main risks and mitigating actions. The Risk Committee met two (2) times during 2022 and discussed the Risk registry and mitigating actions.

The members of the Risk Committee during 2022 were Mr. Martina (Chairperson) and Mr. Van Haren.

2.5 Investment in the equity accounted investee Curaçao Utility Company Holdings N.V. ("CUC Holdings")

Reference is also made to the consolidated financial statements 2010, where it is disclosed that there was an ongoing discussion between the Company and the Company's shareholder ("Shareholder") regarding the valuation of the investment in the equity accounted investee, Curaçao Utility Company Holdings N.V. ("CUC Holdings").

Based on the assumptions and valuation model generally used by Management for determining the value of the investment, the Management of the Company was of the opinion that the current value of this investment at December 31, 2010 was approximately ANG 62.1 million.
In January 2011, the Shareholder decided to transfer the shares of CUC Holdings to Refineria di Kòrsou (RDK) for a nil consideration. As a consequence of this decision of the Shareholder, as disclosed in the financial statements 2010 of January 21, 2014, Management has impaired the value of the participation in CUC Holdings to nil as per December 31, 2010.

The BSD approved the financial statement of 2010 on January 21, 2014 and on April 9, 2014 this consolidated financial statement was presented to the GSM. The Council of Ministers accepted the qualification as to be issued by the external auditor and instructed the Shareholder to approve the consolidated financial statement with the proposed qualifications as issued by the external auditors. On May 13, 2014 the Shareholder of the Group approved the 2010 consolidated financial statements.

Following the above mentioned financial statement, the BSD and GSM approved the consolidated financial statements for the years 2011 up to and including 2018. The auditors' opinions on the consolidated financial statements for these years contained the same qualification, whereas the auditors' opinion on the financial statements for the year 2018 and after was an unqualified opinion with an emphasis of matter on abovementioned.

None of the undersigned members of the BSD were appointed during the fiscal years when the various decisions were reached affecting the financial position of the Company in particular, the transfer of CUC to RDK upon instruction of the government and the consequences thereof on the long term bond financing of the Company.

Based on the corporate law of Curaçao, each member of the BSD could be held liable by a third party in the case that the consolidated financial statements present a misleading position of the Company. On the other hand each board member could be liable in case the consolidated financial statements are not prepared, signed by the BSD and consequently presented for approval to the shareholder and published timely by the Company.

The BSD recommends the Shareholder to approve the consolidated financial statement for the year ended December 31, 2022, 2021, 2020 and 2019. Work is still ongoing to resolve this matter.

From left to right: Patrick Aberson, Karel van Haren and Austin Martina

The Board of Supervisory Directors

Mr. K. van Haren
Chairman of the Board of Supervisory Directors
Supervisory Director

Mr. P. Aberson
Supervisory Director

Mr. A. Martina
Supervisory Director

2.6 Approval and dividend proposal

The BSD herewith submits the Consolidated Financial Statements for the year ended December 31, 2022 of Integrated Utility Holding N.V. (d.b.a. Aqualectra) as prepared by the BMD and approved by the BSD. Deloitte audited the Consolidated Financial Statements and its opinion is included in this report.

Reference is made to the dividend policy of IUH that was approved by the Shareholder on March 5, 2021. It is of utmost importance that the Shareholder's Equity is further strengthened to safeguard the Company's financial viability and resiliency. For this reason, and following lawful stipulations and the dividend policy, the BSD advises the GSM not to distribute dividends, even in the event of a profitable operation, until the negative retained earnings is eliminated.

Considering the aforementioned, the BSD advises the GSM to:
1. Accept the consolidated financial statements 2022 as included and approved by the BSD;
2. Approve that no dividend payment will be distributed;
3. Add the negative total comprehensive result for the financial year 2022 to the balance of the accumulated losses, resulting in a decline of the net equity position;
4. Discharge the BMD for the management and the BSD for their supervision during the year under report.

Looking forward
The organization is in the process of an important transformation. Many challenges have to be overcome to make considerable and important progress with this transformation with the aim to ensure the continuity of IUH N.V.. The BSD is concerned with the (lack of) speed in realizing the different steps in the transformation process. Both external and internal factors play a roll in the lack of progress in the transformation process. The BSD hopes that all stakeholders will keep a close eye on the interests of the organization as a whole in the continuation and timely execution of the transformation process during 2023 and beyond.

Word of appreciation
During 2022, Mr. Romanus Rudolph parted from the BSD after having served for four years. The BSD would like to thank Mr. Rudolph for his commitment and dedication and wish him all the best in his future endeavors.

The BSD worked together with the BMD through various essential themes and projects and dealt with diverse challenges that were presented from inside and outside the organization during 2022.
The BSD salutes the BMD and all AMU, Aqualectra and UFS' employees for their contribution to the successes achieved and looks forward to opening new windows of opportunity for the Company and the community we serve.

Willemstad, August 01, 2023

Picture courtesy of Nationaal Archief Curaçao.

Innovation

Ignite and embed innovation to move boundaries

3> Highlights *of the year*

Highlights of the year

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
FINANCIAL DATA		
Operating revenues		
Sales electricity	470,152	395,601
Sales water	115,642	108,549
Sales services	10,409	10,337
Operating expenses		
Total operating expenses Aqualectra	227,365	237,189
Total operating expenses Aqualectra Multi Utility	370	468
Total operating expenses Holding	3,560	2,780
Results		
Operating profit/(loss) Aqualectra	3,162	14,585
Operating profit Holding	15,731	27,947
Operating (loss) Aqualectra Multi Utility	(316)	(29)
Financial data		
Working Capital	117,191	125,659
EBITDA	89,271	126,276
EBIT	29,377	41,046
EBT	19,612	30,917
Equity	424,686	407,708
Non-current liabilities	339,755	363,883
Current liabilities	192,510	144,196
Financial ratio's		
Debt Service Coverage Ratio	3.68	5.12
Adjusted Debt Service Coverage Ratio	1.19	1.39
Debt/EBITDA Ratio	3.04	2.27
Solvency Ratio	44%	45%
Current Ratio	1.61	2.01
Return on equity	0.04	0.07

(ANG * 1,000)	Dec 31, 2022	Dec 31, 2022
OPERATIONAL DATA		
Electricity		
Sales electricity in MWh (excl. RO Fuik and own usage)	610,112	603,292
Electricity intake from production in MWh	667,946	612,050
Electricity intake from CUC in MWh	1,963	13,723
Electricity intake from wind farms in MWh	189,252	196,955
Usage reverse osmosis plants	61,160	62,042
Number of postpaid connections at year end	50,054	48,986
Number of prepaid connections at year end	34,845	32,534
Average usage households per month in KWh	277	297
Average sales tariff households in ANG per KWh	0.7676	0.6675
Average sales tariff in ANG per kWh	0.7415	0.6445
Unaccounted for usage in % of MWh intake	20.52%	18.41%
Water		
Sales water in $1000m^3$	9,896	9,776
Water intake from production in 1000 m^3	14,492	14,093
Number of postpaid connections at year end	91,953	90,863
Average usage households per month in m^3	7.207	7.469
Average sales tariff households in ANG per m^3	11.265	10.737
Average sales tariff in ANG per m^3	11.619	11.089
Unaccounted for usage in % of m^3 intake	29.70%	30.07%

Security of energy supply

To ensure the energy supply through LNG, relocating and upgrade of GT-2 and conversion of the Dieselplant

4 Consolidated Financial Statements

Consolidated Financial Statements

4.1 Consolidated Summary Statement of Financial Position

(Amounts in ANG * 1,000)	As at Dec 31 2022	As at Dec 31 2021 (restated)	As at Jan 1 2021 (restated)	For specs See notes
ASSETS				
Non current assets				
Intangible assets	45,027	45,057	48,955	5.6.1
Property, Plant and Equipment	544,268	537,718	541,457	5.6.2
Right of use Assets	16,121	20,408	22,634	5.6.3
Other non-current financial assets	34,063	34,063	34,063	5.6.4
Deferred tax assets	7,457	8,686	11,657	5.6.5
	646,936	645,932	658,766	
Current assets				
Inventories	75,387	44,147	45,855	5.6.6
Trade accounts receivable	186,199	173,838	151,333	5.6.7
Other receivables	23,240	11,392	10,017	5.6.8
Cash & cash equivalents	25,189	40,478	42,581	5.6.9
	310,015	269,855	249,786	
Total assets	**956,951**	**915,787**	**908,552**	
EQUITY AND LIABILITIES				
Shareholder's equity				
Share capital	528,000	528,000	528,000	4.3
Share premium	55,000	55,000	55,000	4.3
Accumulated losses	(174,045)	(203,239)	(209,036)	4,3
Profit / (loss) for the year	15,731	27,947	7,062	4.2
	424,686	407,708	381,026	
Non current liabilities				
Financial liabilities	239,658	254,183	268,708	5.6.11
Customer deposits	11,367	10,881	10,864	5.6.12
Lease Liabilities	16,690	19,906	23,549	5.6.3
Provisions	72,039	78,913	86,773	5.6.13
	339,755	363,883	389,894	
Current liabilities				
Trade accounts payable	75,360	56,776	38,864	5.6.8
Current tax payable	3,004	-	-	
Overdraft facility	11,038	-	-	5.6.9
Other liabilities	103,108	87,420	98,768	5.6.15
	192,510	144,196	137,632	
Total Equity and Liabilities	**956,951**	**915,787**	**908,552**	

4.2 Consolidated Summary Statement of Profit or Loss and Comprehensive Income

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2022	For the year ended Dec 31, 2021	For specs See notes
CONTINUING OPERATIONS			
Revenue from contracts with customers	596,203	514,487	5.7.1
Direct costs production	(334,039)	(232,551)	5.7.2
Other direct cost of sales	(1,879)	(452)	5.7.2
Gross profit	260,285	281,484	
Personnel expenses	103,262	94,167	5.7.3
Other (post) employment benefits (net)	3,709	4,149	5.7.3
Parts, repairs & maintenance	33,166	28,934	5.7.4
Customer relations service fees	4,068	7,023	
General expenses	30,517	26,946	5.7.5
Depreciation and amortization expenses	48,829	74,243	5.6.2
Expected credit loss trade receivables	7,356	4,976	5.6.7
Total operational expenses	230,908	240,438	
Results from operating	29,377	41,046	
Interest expenses	(9,765)	(10,129)	5.7.6
Profit before income tax	19,612	30,917	
Income tax	(3,881)	(2,970)	5.7.7
Profit for the year	15,731	27,947	
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / (losses)	1,599	(1,622)	
Items that may be reclassified subsequently to profit or loss			
Deffered tax related to the components of other comprehensive results	(352)	357	
Other comprehensive gain / (loss) for the year, net of income tax	1,247	(1,265)	
Total comprehensive income for the year	**16,978**	**26,682**	

4.3 Consolidated Summary Statement of Changes in Shareholder's Equity

Amounts in ANG * 1,000)	Share Capital	Share premium	Preferred shares	Own shares	Accu-mulated Losses	Appropriation of total comprehensive income	Total Share-holder's equity	For Specs see notes
Balance at January 1, 2021	528,000	55,000	72,800	(72,800)	(148,347)	(50,279)	384,374	
Prior period error correction	-	-	-	-	(3,348)	-	(3,348)	
Balance at January 1, 2021 (restated)	528,000	55,000	72,800	(72,800)	(151,695)	(50,279)	381,026	
Profit for the year 2021	-	-	-	-	27,947	-	27,947	
Other compre-hensive loss for the year 2021	-	-	-	-	-	(1,265)	(1,265)	
Balance at December 31, 2021 (restated)	528,000	55,000	72,800	(72,800)	(123,748)	(50,279)	407,708	
Total Compre-hensive income							**26,682**	
Balance at Janu-ary 1, 2022	528,000	55,000	72,800	(72,800)	(123,748)	(51,544)	407,708	
Profit for the year 2022	-	-	-	-	15,731	-	15,731	4.2
Other compre-hensive income for the year 2022	-	-	-	-	-	1,247	1,247	4.2
Balance at December 31, 2022	528,000	55,000	72,800	(72,800)	(108,017)	(50,297)	424,686	
Total Compre-hensive income							**16,978**	

4.4 Consolidated Summary Statement of Cash Flows

(Amounts in ANG * 1,000)	For the year ended Dec 31, 2022	For the year ended Dec 31, 2021	For specs see notes
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year	15,731	27,947	4.2
Adjustments for non-cash items:			
Depreciations and amortization expenses	48,829	74,243	5.6.2
Expected credit loss	7,356	4,976	5.6.2
Disposal of property, plant, equipment (net)	36	1,868	5.6.7/5.6.8
Change in provision slow moving inventory	(1,331)	1,852	5.6.2
Change in deferred tax asset	877	3,328	5.6.2
Change in provisions	(5,627)	(5,182)	
Finance cost	9,919	9,717	
Income tax expense	3,004	-	
Operating cash flows before movements in working capital	**63,063**	**90,802**	
Change in inventories	(29,909)	(144)	
Change in trade accounts receivable	(19,716)	(25,893)	
Change in customer deposit	486	17	
Change in other receivables	(11,847)	(1,905)	
Change in trade accounts payable	18,584	17,912	
Change in other liabilities (excluding interest paid)	22,643	(16,384)	
Total movements in working capital	**(19,759)**	**(26,397)**	
Income taxes paid			
Total cash flow from operating activities	**59,035**	**92,352**	
CASH FLOW FROM INVESTING ACTIVITIES			
Right-of-use assets	(4,126)	(313)	
Acquisition of property, plant, equipment	(3,000)	-	
Purchases of property, plant, equipment	(50,606)	(65,939)	5.6.2
Total cash used in investing activities	**(57,732)**	**(66,252)**	
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of loans	(14,525)	(14,525)	5.6.11
Payments of lease (excluding interest)	(4,190)	(4,491)	
Overdraft	11,038		
Interest paid	(8,913)	(9,187)	
Total cash flow used in financing activities	**(16,590)**	**(28,203)**	
Balance at start of year	40,478	42,581	
Increase / (decrease)	(15,289)	(2,103)	
Balance at end of year	**25,189**	**40,478**	

5 Notes

to the consolidated financial statements

New facilities

Build new, modern and fit for purpose facilities
for Power Supply and Head quarters

5.1 General

Corporate information

Integrated Utility Holding N.V. (IUH N.V., hereinafter "the Group") was incorporated on September 12, 1997 in Willemstad, Curaçao. The shares of Kompania di Awa i Elektrisidat N.V. (K.A.E.), a water and electricity production company and Kompania di Distribushon di Elektrisidat i Awa (KODELA), a water and electricity distribution company, were transferred into IUH N.V. on January 2, 2018, Kompania di Awa i Elektrisidat N.V and Kompania di Distribushon di Elektrisidat i Awa were legally integrated and became Aqualectra N.V.. The principal activities of the Group are described in the "Profile" of this annual report. The headquarters of the Group are located at Rector Zwijssenstraat 1, Curaçao that is also the registered address of the Group.

The objectives of the Group are:

- Investing funds in shares of utility companies which have the goal of producing and distributing water and electricity; and
- Managing, controlling and administering of other companies and representing interests of the shareholders and financers of the Group;
- Generating electricity and the production of water;
- Distributing electricity and water;
- Offering management consultancy and engineering services; and
- Bottling of drinking water.

The Group's authorized capital amounts to ANG 600 million, consisting of 600 shares at ANG 1 million par value each. 470 shares were issued to the Island Territory of Curaçao on June 1, 1998 with an additional 58 shares issued on January 31, 2013 to the Country Curaçao who became the legal successor of the Island Territory of Curaçao and the shareholder of the Group after the restructuring of the Netherlands Antilles on October 10, 2010. All 528 shares are paid up in full.

Utilities sector in Curaçao

Concessions

The National Ordinance for Electricity concession ("Landsverordening Elektriciteitsconcessies") states that the building, construction or usage of equipment for the generation of power and for the transmission and/or transformation of electricity, in order to deliver this to a third party, is restricted to the company to which permission has been granted by the Government of Curaçao. Furthermore, the ordinance states that the concession shall be given for a maximum period of 30 years with possibilities for extension.

On July 30, 2012 concessions for the production and distribution of electricity were adopted, granting the Group the certainty of production of power for the coming 30 years. On June 11, 2014 the Government adopted a concession for the production of electricity. A notable change in this concession, compared to the previous concession, is the simplification of various requirements. Another major change in the new concession is the granting to Aqualectra of a minimum and a maximum production capacity. This granted capacity can be applied in direct form (own production) and indirect form (contracted production). The amended concession was issued on June 19, 2014 and formalized on November 6, 2014.

Tariff structure

The tariff structure for water and electricity consists of a (i) base component and (ii) a fuel component. The base component is intended to cover all the non-direct costs for the production, distribution and supply, while the fuel component must cover the fuel costs and other direct costs of production and sales. This separation made the application of a rate calculation system that could track changes in fuel costs possible.

Determination of tariffs

The Ordinance for prices ("Prijzenverordening") states that the authority for the determination and the adjustment of electricity and water tariffs, lies with the Government of the Country of Curaçao.

The electricity and water tariff structure adopted on June 1, 2012 comprises three components, namely:

- the fuel component, which covers the direct costs (includes fuel, chemicals, lubricants and purchase of electricity and water from third parties);
- the recovery component, which covers shortages in the fuel component which developed between January 2011 up to, and including, May 2012;
- the base cost component, which covers the operational costs.

On July 26, 2017, the Council of Ministers approved tariff guidelines, which include a Weighted Average Cost of Capital (WACC) component as part of the base component. The WACC is calculated and stipulated on an annual basis, based on guidelines as set in the tariff guidelines.

Starting April 2021, the tariff includes a recovery component of ANG 0,0205 for under-coverages on fuel component of 2018 amounting to a total of ANG 13.5 million (fully recovered at the end of May 2022). In March 2022 the Council of Ministers approved the under-coverage fuel component for 2019 amounting to ANG 9.2 million. Same recovery component of ANG 0,0205 has been included in the tariffs starting April 1, 2022. On November 1, 2022 another 10.2 million was approved followed by ANG 4.8 million related to fuel usage by GT-2 on December 23, to be recovered in 2023. The following table provides a breakdown.

Amounts in ANG * 1,000)	*Under-coverage Fuel Comp 2022*	*Under-coverage Fuel Comp 2020*	*Under-coverage Fuel Comp 2019*	*Under-coverage Fuel Comp 2018*	*Under-coverage Base Comp 2017*	*Under-coverage Base Comp 2018*	*Under-coverage Base Comp 2020*	*Total*
Starting Balance 1/4/2021	-	-	-	13,500	13,609	12,369	-	39,478
Recovered in 2021	-	-	-	(9,494)	-	-	-	(9,494)
Ending Balance 31/12/2021	-	-	9,231	4,006	13,609	12,369	-	39,215
Starting Balance 1/1/2022	-		9,231	4,006	13,609	12,369	-	39,215
Approved 2022	4,816	6,290	-	-	-	-	3,897	15,003
Recovered in 2022		(1,238)	(9,231)	(4,006)	-	-	-	(14,475)
Ending Balance 31/12/2022	4,816	5,052	-	-	13,609	12,369	3,897	39,742

Energy policy

In 2009, the Group was notified by the Government that BTP was appointed as the Regulator for the review, determination and approval of the tariffs for water and electricity.

During 2017, a new Energy policy was drafted and approved by the Council of Ministers on May 16, 2017. This policy introduces an Energy Bureau concept as policy maker, while BTP remains with supervision tasks and is intended to lower the tariffs, upgrade the services to the customers, provide choices for the clients and increase the reliability and sustainability of energy.

During 2019 and 2020 an energy law was drafted based on the presumptions included in the energy policy. The draft has been discussed with all parties involved and is pending to be submitted to the parliament for approval.

5.2 Significant accounting policies

Basis of preparation
The accompanying consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and book 2 of Curaçao Civil Code.
The consolidated financial statements have been prepared on a historical cost basis.
The consolidated financial statements are presented in Netherlands Antillean guilders and all values are rounded to the nearest thousand (ANG'000), except when otherwise indicated.

Management has concluded that the consolidated financial statements fairly represent the Group's financial position, financial performance and cash flows. The consolidated financial statements comply in all material respects with applicable IFRS.

These consolidated financial statements for the year ended 2022 were approved for issue by the Board of Supervisory Directors on August 1, 2023. The shareholders have the power to amend the consolidated financial statements after the date of issuance.

The consolidated financial statements provide comparative information in respect of the previous period.

Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control.

The Group re assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

IUH N.V. has the following subsidiaries (all are incorporated in Curaçao):

Name	*2022 and 2021*
Aqualectra N.V. (' Aqualectra')	100%
Aqualectra Multi Utility Company N.V. ('AMU')	100%
Utility Financial Services N.V. * ('UFS')*	100%
General Engineering & Utility Services N.V. (GEUS)**	100%
Aqualectra Bottling Co. N.V.** (' Aqualectra Bottling')	100%

** UFS NV has been incorporated in 2020 and started operations in January 2022.*
*** The entities GEUS and Aqualectra Bottling Co. N.V. are still part of the group but they are in liquidation.*

The legal structure now consists of the holding company (IUH N.V.) and two subsidiaries, namely Aqualectra N.V. and Aqualectra Multi Utility N.V. and Utility Financial Services N.V. as subsidiary of AMU, hereinafter collectively referred to as "The Group". The Group is responsible for the management of the abovementioned companies. During the year 2022 Aqualectra Bottling and GEUS did not engage in any activities

5.3 Summary of significant accounting policies

1. Fair value measurement
The Group holds no financial assets or liabilities that are measured at fair value at December 31, 2022 or December 31, 2021. Fair values of financial instruments measured at amortized cost are disclosed in Note 5.6.18. 'Fair values'.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible for the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. Foreign currencies

Functional and presentation currency

The Group's consolidated financial statements are presented in Netherlands Antillean Guilders (ANG), which is also the parent company's and its subsidiaries' functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences occurring on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss resulting on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

3. Property, plant and equipment

Plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Expenses for the decommissioning of the Mundu Nobo plant are included in property, plant and equipment. These capitalized expenses are based upon estimations performed by an independent expert. Since commencement of the demolition activities, the provision has been adjusted based on more accurate information gathered internally regarding the expected decommission costs. Depreciation of the capitalized decommissioning cost is calculated by the straight-line method to write off the cost of each asset, or the recoverable amounts, to their residual values over their estimated useful life, taking into account the useful life of the most important components.

Major spare parts are accounted for as property, plant and equipment when the Group expects to use them during more than one period. Similarly, if the spare parts can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.
Construction in progress is stated at cost, net accumulated impairment losses, if any. The cost of work in progress comprises materials, direct labor, service charges and other costs.

Depreciation is calculated on the straight line basis over their estimated useful life, taking into account the useful life of the most important components as follows:

Buildings	10 to 50 years
Plant and epuipment	5 to 33 years
Distribution network	15 to 40 years
Other assets	3 to 50 years

Major spare parts are depreciated in accordance with the category of Plant & Equipment.
An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss resulting on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit and loss when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

4. Property, plant and equipment contributed by customers

The Group recognizes as property, plant and equipment any contribution received from its customers to be utilized in the construction or acquisition of an item required for the connection to its distribution network and/or asset transferred by its customers, also for the purpose of providing the customer with ongoing access to supply of electricity and/or water.
The corresponding amount is recognized at cost and is credited to the cost of work in progress or is shown as deferred credit in the case where construction has not yet started.

5. 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.

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.

i) 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, as follows:

- Land lease 10 to 30 years
- Car leases 1 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right of use assets are also subject to impairment. Refer to the accounting policies in section (g) Impairment of non-financial assets.

ii) 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 payments include fixed payments (including in substance 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 (unless they are incurred to produce inventories) 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 (see Note 5.6.3).

iii) Short term leases and leases of low value assets
The Group applies the short term lease recognition exemption to its short term leases of machinery and equipment (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 of office equipment 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.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

6. Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the qualifying asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that the Group incurs in connection with the borrowing of funds.

7. Intangible assets
The Group holds intangible assets with finite lives. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset 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 upon 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.

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Licenses
The Group made upfront payments to purchase licenses related to the ERP system. Separately acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

8. Impairment of non-financial assets
Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

Disclosures for significant assumptions	Note 5.4
Property, plant and equipment	Note 5.6.2
Intangible assets	Note 5.6.1
Leases	Note 5.6.3

The Group assesses at each reporting date, whether there is an indication that the asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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 detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. This budget and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's CGUs recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed the lower of its recoverable amount, and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at a revaluated amount, in which case, the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as at December 31 at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

9. F inancial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. With the exception of certain trade receivables, which are initially recognized at their transaction price. 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. Refer to the accounting policies in section (p) Revenue from contracts with customers.

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 or for which the Group has applied the practical expedient, 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.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Starting April 2021, the tariff includes a recovery component of ANG 0,0205 for under-coverages on fuel component of 2018 amounting to a total of ANG 13.5 million (fully recovered at the end of May 2022). In March 2022 the Council of Ministers approved the under-coverage fuel component for 2019 amounting to ANG 9.2 million. Same recovery component of ANG 0,0205 has been included in the tariffs starting April 1, 2022. On November 1, 2022 another 10.2 million was approved followed by ANG 4.8 million related to fuel-inefficiencies due to the use of the power plant GT-2 on December 23, to be recovered in 2023.

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.

As at December 31, 2022 and 2021 the group only holds financial assets classified as financial assets at amortized cost (debt instruments).

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. 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 include loans and (trade) receivables, and concession deposit included under other non-current financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the 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.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors, including taking into consideration the deposits received at inception of the contract and the economic environment.

Further disclosure relating to impairment of trade receivables, including contract assets is also provided in Notes 5.5.2 'Credit Risk'.

From a financial point of view, the Group considers a financial asset in default when contractual payments are 30 days past due. Certain accounts, such as those pertaining to the government are assessed individually. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, as derivatives designated as hedging instruments in an effective hedge, or as financial liabilities at fair value through profit or loss, as appropriate.

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.

Subsequent measurement
Loans and borrowings
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.

Trade and other payables
After initial recognition, trade and other payables are subsequently measured at amortized costs.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

10. Inventories
Inventories are valued at the lower of cost and net realizable value.
Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials (Fuel inventory): purchase cost on a first in/first out (FIFO) basis.
- Finished goods (Parts inventory): cost of direct materials including shipping and freight on a weighted average cost basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

11. Cash position (includes "Cash and cash equivalents" and "Bank overdraft")
Cash and cash equivalents are comprised of cash on hand, deposits held at call with banks, other short term highly liquid investments.

12. Share capital
Common shares and preferred shares are classified as equity. Dividends on common shares and preferred shares are recognized in equity in the period in which they are declared.

13. Treasury shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

14. Provisions
General
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When 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 a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

- Onerous contracts
  If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

  An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

- Provision for the decommissioning of Mundo Nobo
  The Group records a provision for decommissioning costs of the Mundo Nobo plant which consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. Decommissioning costs are provided at the expected costs to settle the obligation and are recognized as part of the cost of particular asset. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of comprehensive income as finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. In the intervening years, the value is increased with accrued interest and any changes in the estimated future costs added to or deducted from the cost of the asset.

- Provision for reorganization
  The reorganization provision has been created with the aim to execute the reorganization /right sizing plan within Aqualectra. The provision as per December 31, 2022 and 2021 is based on a one-time redundancy payment scheme that is in accordance with the CLAs of Aqualectra Production and Aqualectra Distribution. The actual termination of employees due to reorganization and rightsizing was expected to take place in 2022 but a delay was experienced in the project and is now expected to be finalized in 2023.

15. Employment benefits
General
Certain employee benefits provisions, except for the provision for vacation leave, are based on actuarial calculations. For the key actuarial assumptions please see note 5.6.13.1. The independent and qualified actuary obtained sufficient information in order to perform the valuations.

Post employment benefits
All the post employment benefit plans within the Group are defined benefit plans with the exception of the pension plan, which was changed to a Defined Contribution plan as per January 1, 2018. The post employment benefit accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing post employment benefits is charged to profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carried out a full valuation of the plans. The post employment benefit obligation is measured as the present value of the estimated future cash outflows using market yield of high quality USD denominated corporate bonds, which have terms of approximately the terms of the related liability. Any unrecognized past service costs and the fair value of any plan assets are deducted.

Actuarial gains and losses are immediately recognized in the period in which they occur through other comprehensive income.

Below follows a description of the different post employment plans applicable to the Group:

APC Pension plan
Certain employees of the Group (ex-civil servants) participate in a pension plan administered at Algemeen Pensioenfonds van Curaçao (APC). The pension plan administered by APC is a multi-employer defined benefit plan. In 2015 certain changes were made to the pension plan effective January 1, 2017. These changes include calculation of the pension as a fixed percentage of the career average salaries versus average salaries of the last two calendar years of service, and an increase of the pension age to 65. At reporting date there was no information available to use benefit accounting. Therefore, the plan is accounted for as if it were a defined contribution plan where the Group's share in the contribution amount is recognized as an expense.

APC Supplementary pension (Duurtetoeslag')
In 1943 the Government guaranteed civil servants a pension that amounts to 70% of their average salary received during 24 months before their retirement. The supplementary pension (the so-called 'Duurtetoeslag') is the difference between the guaranteed pension amount and the pension actually built-up as per the APC pension agreement. As per National Decree of July 12, 1995 it was stipulated that the legal entity that was the last to employ the person concerned, is responsible for payment of the supplementary pension. This plan is unfunded.

Vidanova pension plan
The employees of the Group that do not participate in the APC pension plan, participate in a multi-employer defined contribution plan (Vidanova) in which it is compulsory for all employees to participate if and when they comply with all the required conditions. The pension plan is generally funded by payments from employees and by the employers, taking into account recommendations of independent qualified actuaries. A level premium employer is charged as an advance for the defined contribution plans.

APC Early retirement benefit ('VUT')
In the National Ordinance of December 27, 1995 it is stipulated that the civil servants have the option of filing a request with the Governor to retire from service at the age of 55. The resulting liability due to early retirement of persons for the period in which these early retired persons are between the age of 55 and 60 years will be borne by the legal entity that was the last to employ the respective persons.

AOV/BVZ compensation:
Based on a protocol signed in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTEs, it was negotiated with the unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age.
Up to and including 2023, employees reaching 60 years will have the choice to retire or continue working until 65 years of age. Acknowledging the fact that those retiring at age 60, will be disadvantaged as they will only receive the general pension grant when they reach age 65, the BMD agreed with the unions that the gap will be duly compensated.
The Provision AOV/BVZ compensation aims at bridging the gap caused by:

- The employee not being eligible yet for the general pension grant (AOV);
- The difference in social security premiums which are lawfully lower when reaching age 65;
- Any tax consequences the above may cause.

Provision retirement stimulation:
Based on a protocol signed with the Unions in 2017 and renegotiated in 2018, employees reaching 60 years of age during coming years, up to and including 2023, will have the choice to retire at 60 years or continue working until they reach 65 years of age. This stems from the change of the age at which a citizen of Curaçao is eligible for a general pension grant (Algemene Ouderdomsvoorziening – AOV). In 2013, the lawful age at which a citizen could apply for this grant was changed from 60 to 65 years. Given the strategic goal of Aqualectra to increase efficiency by investing in sophisticated applications and consequently reducing the number of FTE's, it was negotiated with the Unions that the age of 60 will be maintained for the employees of Aqualectra as retirement age. Up to and including 2023, employees reaching 60 years will have the choice to retire or continue working until 65 years of age. As an incentive to motivate this group of employees to choose to retire at 60 (based on Aqualectra's strategic choice to lower the number of FTE's), the BMD negotiated a departure bonus with the Unions. The Provision Retirement Stimulation has been recorded to account for these future expenses.

Medical costs retired employees
Through July 31, 2014 both the active employees and the Group contributed 2% of the total gross salary as compensation for the medical costs of retired employees. Retired personnel contribute 2% of their pension. In accordance with the collective labor agreements of Aqualectra Distribution and Aqualectra Production, retired employees would be compensated to a certain extent for their medical costs.

Effective August 1, 2014, with the implementation of the basic health care insurance (Basisverzekering Ziektekosten, BVZ), changes were made to the health coverage plan for the retired personnel. The 2% contribution is no longer applicable, and to partially compensate the employees for the additional costs of BVZ effective retirement date, the Group contributes 3% of the retired employee's pension to the "Sociale Verzekeringbank" (SVB).

Other long term employee benefits
The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in the consolidated statement of comprehensive income in the period in which they occur.

Anniversary bonus
According to the collective labor agreements of Aqualectra Distribution and Aqualectra Production, employees are entitled to an anniversary bonus linked to the number of years of service. The employees of Integrated Utility Holding N.V. are also entitled to an anniversary bonus linked to the number of years of service.

16. Revenue from contracts with customers
Aqualectra is Curaçao's utility company responsible for the production and distribution of power and water as well as for the delivery of accompanying services. Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the

principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

There are no significant accounting judgments, estimates or assumptions relating to revenue from contracts with customers.

Water & electricity sales
Aqualectra can recognize the revenue upon usage of electricity or water by the customer. The electricity represents one performance obligation and water another performance obligation which are satisfied over time. The transaction prices differ between water and electricity and are categorized by type of customer. The transaction price is adjusted monthly by BTP and made public.

Connection fees, fines charges and miscellaneous income
Aqualectra can recognize connection fees, as revenue when the corresponding performance obligation is satisfied. Revenue from fines charged and miscellaneous income can be recognized after invoicing to the customer. The performance obligations related to these revenues is the (re)connection of water and/or electricity and the transaction prices are fixed.

Rental of water meters, buildings and poles
The revenue recognition is through passage of time. The performance obligation for the rentals is the rights to use the water meter, buildings and poles and the transaction prices are fixed.

KVA Allowance
Aqualectra can recognize the transaction prices as revenue when the corresponding performance obligation is satisfied which is through passage of time. The performance obligation is installation of the solar panels in order to generate renewable electricity in combination with a connection to the electricity network. A fixed fee is charged per kW(p) periodically.

Services related to streetlights maintenance
Revenue for these services can be recognized after the completion of the service. The performance obligation is the services to streetlights installation and removal of spotlights. The costs incurred by Aqualectra for the repair and/or maintenance of these are charged to the government.

Sales and distribution
Revenue for these services can be recognized after the completion of the service. These regards projects of installations for new allotments and or businesses.

Selikor invoicing services
The revenue of Selikor is recognized after invoicing the customers. Aqualectra invoices the waste tax for Selikor and charges selikor a fixed fee per bill. Aqualectra does not arrange for the goods or services to be provided by Selikor.

Aquadesign
Aquadesign is recognized upon providing ADNV with electricity., invoicing of customers on behalf of Selikor and the provision of electricity to Aquadesign. The transaction price is fixed.

Other revenues
Aqualectra can recognize the transaction prices as revenue after the items and/or assets are sold and after the inspection cards are given out by Aqualectra. The transaction prices of the fixed assets and inventory sold by Aqualectra are determined specifically for each item. The transaction price for the inspection cards is fixed.

Additional disclosure with regard to the group's revenue from contracts with customers is provided in note 5.7.1.

17. Interest income and expenses
Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established.

Interest expenses consist of interest on borrowings. These expenses are recognized in the profit or loss in the period to which they relate.
Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss as interest expenses by using the effective interest method.

18. Taxes
Current profit tax
Current profit tax assets and liabilities for the current period 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax
Deferred tax is provided using the balance sheet 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 results 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 results 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 substantially 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.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Territorial regime

As of January 1, 2020 Curaçao, has shifted from a worldwide tax system with exemptions for foreign sourced income to a territorial tax system where only income from a domestic enterprise will be subject to corporate income tax in Curaçao.

As domestic income the following can be considered:

- Business activities undertaken or exercised in Curaçao, including maintenance and repair work taking place in Curaçao;
- Leasing or renting of property (immovable and otherwise) located in Curaçao or rights used in Curaçao;
- Lending or depositing funds to or with residents and receiving premiums and capital in respect of risks located within Curaçao;
- Passive income, which is always considered to be income from a domestic enterprise. This also applies to passive income from financial institutions such as banks and insurers;
- Business activities undertaken or exercised in Curaçao by foreign entrepreneurs in case of a local permanent establishment or in case of local real estate.

The determination of domestic income will be based on the ratio between local and foreign direct expenses, excluding the cost of materials for products.

New substance requirements

Also new requirements with regard to substance have been introduced. Enterprises that generate non-domestic income must also have sufficient direct or indirect employees to perform the core activities and have expenses commensurate with the type and size of these core activities. In addition, the entity must at a minimum have a substance that is comparable to what would be deemed a permanent establishment if the entity would have been a non-resident taxpayer.

19. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases

  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

  These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

  In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

  Standards issued but not yet effective

  The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 17 Insurance Contracts

  In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance

contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
A specific adaptation for contracts with direct participation features (the variable fee approach).

A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current.
  The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Definition of Accounting Estimates - Amendments to IAS 8
  In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

  The amendments are not expected to have a material impact on the Group's financial statements.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
  In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

  The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

  The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12
  In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

  The Group is currently assessing the impact of the amendments.

- Prior period errors
  Claims payable to contractors

  Tiger Works N.V., E Lux N.V. and Curaçao Industrial Services N.V. ("the Contractors") are long lasting business partners that have provided maintenance services for Aqualectra throughout the years. The Contractors claim that the fees for the services rendered should have been adapted between 2010 and 2017. Despite ongoing discussions regarding the revision of these fees, said fees have not been adapted. The Contractors initially stated in 2018 that they were entitled to approximately ANG 6.9 million as a result of the fees not being adapted between 2010 and 2017. In July 2022 the Contractors initiated legal proceedings with the Court in First Instance claiming the total amount of ANG 5.580.068,45. Once all the written statements were filed with the Court in First Instance, on June 12th, 2023, an oral hearing took place upon request of the judge. During the oral hearing, the judge discussed the various possible scenarios that should be taken into consideration when rendering a judgment. This latter, taken into consideration that on June 9th, 2023, the contractors filed a letter signed by the CEO dated October 25th, 2018, wherein is stated that an agreement had been reached between Aqualectra and the contractors in 2010, for which reason the increased fees had to be paid. The letter of October 25th, 2018, was up June 9th, 2023, unknown to the representatives of IUH/ Aqualectra handling the claim of the Contractors. This letter, weakened the position of Aqualectra considerably as this letter contains a contrary point of view to the position taken by Aqualectra in these proceedings. Up to the receipt of said letter, Aqualectra was of the opinion that no agreement on the fees had been reached in 2010.
  Upon urgent request of the judge, the parties involved were granted 2 more weeks to confirm whether a settlement out of court was possible. With this letter now on files, the favorable judgment for the Contractors in this matter became very plausible and it would be not unlikely for the claim to be awarded in full. Extensive negotiations between Aqualectra in the following weeks, resulted in an agreement between parties, whereby the Contractors accepted to settle this claim upon receipt of a total sum of ANG 3,348,040.80. The board of supervisory director approved a settlement with the contractors to the amount of ANG 3.348.040,80 on June 23rd, 2023. The Court in First Instance has been

informed during the docket hearing of June, 26th, 2023, of this agreement between parties. The payment terms are currently being discussed. Once the payment terms have been agreed upon, the settlement agreement will be executed. This latter is expected to be singed in the week of June 26th, 2023.

Based on IAS 8 requirements and above disclosure it can be concluded that the errors occurred before the earliest prior period thus the group will restate the opening balance of liabilities and equity for the earliest prior period presented, in this case 2021. Reference is made to chapter 4.1 and 4.3 for presentation.

The following table summarizes the impact of the prior period error on the financial statements of the Group.

Amounts in ANG *1000	*Dec 31, 2021*
Liabilities	
Other liabilities	(3,348)
Total adjustment on equity	
Retaines earnings	3,348

5.4 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Critical accounting estimates and judgments
The Group applies estimates and judgments which are based on historical experience and on other factors including expectations of future events that are to be reasonable under the circumstances.

The Group's critical accounting estimates and assumptions and critical judgments in applying the entity's accounting policies are being discussed in this paragraph.

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

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term 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 and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group included the renewal period as part of the lease term for two grounded leases that have already passed their non-cancellable period and have been renewed multiple times already. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the operations if a replacement asset is not readily available. One renewal period for the archive space has also been included as part of the lease term as it is reasonably certain to be exercised.

Refer to Note 5.6.17 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term. Critical accounting estimates and assumptions.

b. Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of trade receivables
The Group uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and contract assets. The provision rates are based on days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Furthermore, cash security deposits of customer are also included in calculating the expected credit loss and therefore also impacts the ECL. Customers have to pay a deposit for each new connection, which is presented as refundable amounts on the statement of financial position. This amount is for financing the not yet registered consumption, the claims against debtors and also serves as a security for the consumer to meet his financial obligations with regard to the Company. Taking the aforementioned into consideration, Aqualectra proceeded to allocate the cash security deposits to all customers that have an open amount at year end. The information about the ECLs on the Group's trade receivables is disclosed in Note 5.5.2.

Provision employee benefits
The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the obligations. In determining the appropriate discount rate, the Group considers the interest rates of "high quality" corporate bonds that are denominated in the currency in which the benefits will be paid (or currency which ANG is pegged to), and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for obligations are based in part on current market conditions. Additional information or the applied assumptions are disclosed in note 5.6.13.1.

Provision reorganization
The reorganization provision has been created with the aim to execute the reorganization/ right sizing plan within Aqualectra. The provision as per December 31, 2022 is based on the redundancy payment scheme as included in the CLAs of Aqualectra.

Provision decommissioning
The provision for the Mundu Nobo premises consists of the costs for the demolition of buildings, civil works and installations, including the costs of removal and eventual processing of the residuals. The provision as of December 31, 2022 and as of December 31, 2021 is based on actual costs incurred, external quotations and internal estimates.

Cumulative tax losses to be compensated with future taxable profits
The deferred tax assets of the Group are mainly attributable to cumulative tax losses for which it is probable that future taxable profit will be available to be utilized against these.

The tax losses will expire in a period of ten years commencing in the year in which the fiscal loss was incurred. The estimation of the future taxable profits that can be utilized against these tax losses is based on Management's income forecast. The income forecast of the Group is based on assumptions with regard to market developments of electricity and water, fuel costs, demographic movements, the level of electricity and water tariffs, etc. Significant changes in these assumptions may have a significant impact on the extent to which the past taxable losses can be utilized.

c. Critical judgments in applying the entity's accounting policies
Impairment test Property, Plant and Equipment
In order to assess the recovery amount of the property, plant and equipment, when annual impairment testing or impairment reversal testing is required, the present value of future generated cash flows (recoverable value of the assets) are calculated. To calculate the future generated cash flows, assumptions and judgments are made with regard to future profits, investments, interest rates and the capitalization rate based on the available information about the business, technological and operational outlook. Significant changes in these assumptions may have a significant impact on the present value of future generated cash flows and therefore on the fair value of the property, plant and equipment. As per December 31, 2022, there were no impairment indicators.

5.5 Financial risk management

The Group's activities expose it to a variety of financial risks: market risks (including the effects of foreign exchange risk, interest rate risk and tariff risk), credit risk and liquidity risk. The Group's overall risk management is aimed at minimizing the potential adverse effects of these risks on the financial performance of the Group.
The BSD has overall responsibility for the establishment and oversight of the Group's risk management framework.

5.5.1 Market risk

Market risk consists of the foreign exchange risk, interest rate risk and tariff risk.

5.5.1.1 Foreign exchange risk

Foreign exchange risk of is the probability of loss occurring from an adverse movement in foreign exchange rates.

The Group is exposed to foreign exchange risk resulting from purchasing parts, services and supplies from foreign suppliers. These foreign transactions are mainly invoiced in United States Dollars (USD) and/ or EURO (EUR).

The following table summarizes the currency risk in respect of recognized financial assets and financial liabilities:

MONETARY ASSETS AND LIABILITIES BY CURRENCY OF DENOMINATION

Foreign currency exposures per December 31,2022 (ANG * 1,000)	*USD*	*EURO*
Financial assets		
Cash & cash equivalents	-	-
Financial liabilities		
Trade accounts payable	(6,222)	(1,724)
Total currency of denomination	(6,222)	(1,724)
Total currency in ANG	**(11,323)**	**(3,186)**

MONETARY ASSETS AND LIABILITIES BY CURRENCY OF DENOMINATION

Foreign currency exposures per December 31,2021 (ANG * 1,000)	*USD*	*EURO*
Financial assets		
Cash & cash equivalents	-	-
Fincancial liabilities	-	-
Trade accounts payable	(4,917)	(730)
Total currency of denomination	(4,917)	(730)
Total currency in ANG	**(8,949)**	**(1,518)**

There is a fixed exchange rate between the Netherlands Antillean Guilder (ANG) and the USD of ANG 1.82 to the USD, which mitigates the foreign exchange rate exposure of the transactions and positions of the Group in USDs.

Purchasing transactions, outstanding trade accounts payable positions and cash positions at banks in EURO can expose the Group to a certain foreign exchange risk. The significance of the risk is shown in the schedule below:

The Group's policy is to regularly review the significant risks resulting from foreign exchange rate exposure and when appropriate, to hedge significant foreign currency transactions at the point the commitment is entered into, by purchasing the foreign currency and / or limiting the period that commitments in foreign exchange rates are exposed to foreign exchange risk. Cash flow constraints combined with the immateriality of foreign exchange risk per transaction, led to Management's decision to put the aforementioned policies on hold during 2022 and 2021.

(ANG * 1,000)	*Dec 31,2022*	*Dec 31, 2021*
Total EURO purchase orders made in EURO	6,620	1,718
Total EURO purchase orders made in ANG	12,600	3,740
Avarage EURO rate	1.9033	2.1768
Foreign exchange (profit)/loss on EURO transactions in ANG	149	93
Outstanding EURO trade payables in EUR per year end	1,724	730
Outstanding EURO trade payables in ANG per year end	3,186	1,518
Exchange rate per year end	**1.85**	**2.08**

The sensitivity analysis below of the outstanding position of the trade accounts payable in EURO as per year-end to movements against the EURO assumes a change of +/ 10% in the exchange rate as of December 31, 2022 and as of December 31, 2021.

Amounts in ANG * 1,000)	*Carrying amount per Dec. 31, 2022*					*Sensitivity analysis of an exchange rate change of:*	
				-10% change (8)		+10% change (8)	
		(Amounts *1,000)				(Amounts *1,000)	
Outstanding trade accounts payable	EURO 1,724	ANG 3,189	-	ANG (319)	-	ANG 319	(**)
Impact on the profit and loss account			-	ANG (319)	-	ANG 319	(**)

(*)A 10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 1.793/ 1 ANG: EUR 0.5521.

Amounts in ANG * 1,000)	*Carrying amount per Dec. 31, 2021*					*Sensitivity analysis of an exchange rate change of:*	
				-10% change (8)		+10% change (8)	
		(Amounts *1,000)				(Amounts *1,000)	
Outstanding trade accounts payable	EURO 730	ANG 1,518	-	ANG (152)	-	ANG 152	(**)
Impact on the profit and loss account			-	ANG (152)	-	ANG 152	(**)

A +10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.191/ 1 ANG: EUR 0.4518.
(*)A 10% change means a strengthening of the ANG compared to the EUR: 1 EUR: ANG 1.871/ 1 ANG: EUR 0.5289.
A +10% change means a weakening of the ANG compared to the EUR: 1 EUR: ANG 2.287/ 1 ANG: EUR 0.4328.
(**) Interpretation of effect:
Amount in brackets "(….)" means a decrease of the outstanding trade accounts payable amount in the Statement of financial position and a decrease of the foreign exchange expenses in the Statement of comprehensive income.

5.5.1.2 Interest rate risk

The interest rate risk of the Group can be defined as the risk of incurring extra interest costs due to adverse movements of the interest rate of non-fixed interest bearing loans of the Group. In managing interest rate risk, Management monitors developments in the Group's loan rates and keeps abreast of interest rates both locally and internationally. The Group has long term and short term loans payable with fixed interest rates. As the loan portfolio consists of loans with a fixed interest rate, effects of development in interest rates have no impact on the Group. An overview of the Group's interest bearing long term loans is presented in the table below:

(Amounts in ANG * 1,000)	Dec 31,2022	Dec 31, 2021	Interest rate Dec 31, 2022	Interest rate Dec 31, 2021	Remark
Loan MJP	13,885	13,885	2.50%	2.50%	Fixed
Current maturities of long term loans	(13,885)	(13,885)			
	-	-			
MCB/FCIBC Bank loan facility	254,183	268,708	3.75%	3.75%	Fixed for 5 years
Current maturities	(14,525)	(14,525)			
Total financial liabilities	**239,658**	**254,183**			

5.5.1.3 Tariff risk

The Group is exposed to the volatility of international fuel price developments, which influences the direct cost component of the electricity and water tariffs to consumers. The chart below shows the development in average fuel price throughout the year 2022 and 2021.

	Realized 2022	Realized 2021	Variance	% Variance
AVG FUEL PRICES PER UNIT in ANG				
Fuel usage GO MN	1,743	1,062	681	64%
Fuel usage MGO DW	1,641	1,110	531	48%
Fuel usage IFO DPP ISLA	1,222	981	241	25%
Fuel usage MDO DPP ISLA	1,631	1,081	550	51%
FUEL USAGE Quantity in ton/m3				
Fuel usage GO MN m3	14,372	11,584	11,584	24%
Fuel usage MGO DW ton	121,753	109,095	12,658	116%
Fuel usage IFO DPP ISLA ton	30,691	28,543	2,148	8%
Fuel usage MDO DPP ISLA m3	629	553	76	14%
FUEL USAGE ANG (*1000)				
Fuel usage GO MN	25,052	12,302	12,750	104%
Fuel usage MGO DW	198,579	121,095	77,484	64%
Fuel usage IFO DPP ISLA	37,504	27,996	9,508	34%
Fuel usage MDO DPP ISLA	1,025	598	427	71%
Total fuel usage in ANG	**262,160**	**161,991**	**100,169**	**62%**

Since June 1, 2012, as described in note 5.1, the electricity and water rates charged to customers consist of:

- A fuel component which is intended to cover fuel expenses, expenses for purchasing water and electricity from external sources, expenses for chemicals and lubricants, expenses for electricity used for water production and expenses related to non-revenue electricity and water (NRE & NRW).
- A base component which is intended to cover all expenses which are not related to the fuel component.
- A recovery component which is a temporary component. The fuel component was introduced as per June 1, 2012 but is deemed to have started retrospectively on January 1, 2011. All shortfalls in the fuel component due to the late implementation are charged via the recovery component.

5.5.2 Credit risk

For the Group, credit risk is the risk as a consequence of the uncertainty in a counterparty's (customers, etc.) ability to meet its obligations leading to the possibility of a loss incurred by the Group due to the financial failure by the counterparty.

Credit risk within the Group mainly appears when billing customers for the delivery of electricity and water and of other types of services rendered by the Group. Significant financial difficulties of customers (e.g. the probability that the customer will enter bankruptcy or financial reorganization) and or default payments are considered credit risk indicators.
Credit risk losses result in a provision being created for uncollectible amounts, which is based upon previously established collection patterns and historical analyses.

Credit risk within the Group also results from cash and cash equivalents (note 5.6.9) with banks and financial institutions. The Group aims at mitigating this credit risk by using reputable financial institutions for investing and cash handling purposes. As per December 31, 2022 the Group has cash balances placed at 7 reputable banking institutions (2021:7).
The credit risk management within the Group entails:

- Assessment of the credit quality of retail customers by the Customer Relations Department, taking into account the past experiences with the customer, the customer's financial position and other factors;
- Collection procedures for outstanding invoices to customers;
- Revenue protection program (e.g. discontinuation of the delivery of electricity and water or replacement of an electricity meter with a Pagatinu meter).
- The placing of banks under a moratorium which led to Aqualectra's funds being frozen.

A high risk group within the trade accounts receivable is the inactive group. These clients have closed their accounts and the Group has procedures in place to avoid these customers from reopening the account elsewhere or under another name. Inactive accounts are 100% provided for. The maximum exposure and categorization of the assets which are exposed to credit risk are set out in the table below.

The Group's policy for impairing outstanding amounts for trade accounts receivable and other receivables, despite efforts to collect the outstanding amounts, is as follows:

December 31, 2022	Trade Receivables						
Days past due	0-30 days	31-60 days	61-90 days	91- 180 days	181-365 days	>365 days	**Total**
Expected credit loss rate	5%	11%	20%	26%	37%	58%	39%
Expected total gross	44,034	10,737	6,484	16,072	21,505	159,246	258,078
Carrying amount at default	-	-					
Expected credit loss	2,216	1,182	1,422	4,456	8,499	54,102	71,879

December 31, 2021	Trade Receivables						
Days past due	0-30 days	31-60 days	61-90 days	91- 180 days	181-365 days	>365 days	**Total**
Expected credit loss rate	6%	14%	29%	33%	45%	54%	41%
Expected total gross	36,980	10,755	8,976	24,811	31,709	132,682	245,913
Carrying amount at default	-	-					
Expected credit loss	6,574	1,539	2,572	8,297	14,059	40,983	74,025

5.5.3 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulties in raising funds to timely meet its commitments.

Management applies prudent centralized liquidity management which implies a cash flow matching approach in which projected cash inflows are matched against outflows.
The Group's aim is to maintain sufficient cash and lines of credit to be able to comply with its obligations. In this, Management takes the necessary measures to either adapt cash inflows or cash outflows. In broad terms, Management uses long range projections for a maximum of five years, which has been approved by the Group's BSD. The Group updates the cash flow planning for a period of 12 months, on a weekly basis and uses this cash flow planning for control purposes.

With adequate and timely tariff adjustments and prudent reduction in operating expenses, the company is expected to continue making profit, contributing to a positive operating cash flow. Based on the approved 2023 budget and forward looking projection, the cash flow generated from operations together with third party financing, will guarantee the realization of the necessary investments included in the budget, if past under-coverages are duly recovered.

The liquidity status as per December 31, 2022 and as per December 31, 2021 is shown below:

Liquidity status (ANG * 1,000)	Dec 31,2022	Dec 31, 2021
Funds encumbered 1 < years < 5	(11,038)	145
Available cash & cash equivalents at banks	25,189	40,333
Total credit facilities	**14,151**	**40,478**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The following table analyzes the Group's financial liabilities, being its long term loans, other non-current liabilities and current liabilities, into relevant maturity groupings based on the remaining period at reporting date to the contractual maturity date. The long term loans and other non-current liabilities amounts include the interest expenses for the remaining period at reporting date.

All amounts are the undiscounted cash flows:

Long term loans and other non-current liabilities

	At December 31, 2022			At December 31, 2021		
(Amounts in ANG * 1,000)	<1 years	>1 and <5 years	> 5 years	<1 years	>1 and <5 years	> 5 years
Loan MJP	13,885	-	-	13,885	-	-
Loan MCB/ FCIBloans	14,525	71,250	168,408	14,525	71,250	182,933
Total financial liabilities	**28,410**	**71,250**	**168,408**	**28,410**	**71,250**	**182,933**

5.5.4 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholder and benefits for other stakeholders and to maintain an optimal capital structure to effectively manage the cost of capital. Capital risk is the risk that the Group loses its value as a result of which financiers (shareholders, lenders, etc.) may lose all or part of the principal amount invested in the Group.

The following chart shows the ratio's used by Management in monitoring and measuring the development in capital and reserves:

5.6 Explanatory notes to the summary statement of financial position

5.6.1 Intangible Assets

The schedule below reflects the acquisitions of intangible assets (licenses and directly attributable cost of preparing the asset for its intended use) during the period:

In March 2012, a Professional Service Agreement was signed with SAP Puerto Rico GMBH LLC. (SAP) for the implementation of a new enterprise resource planning (ERP) system.
The new ERP system was implemented at the start of 2018 at which point amortization started.

RATIOS AND FINANCIAL COVENANTS

(Amounts in ANG * 1,000)	Target	Dec 31, 2022	Dec 31, 2021
Debt service coverage ratio (DSCR)	>1.25	3.68	5.12
Adjusted debt service coverage ratio (ADSCR)	>1.15	1.19	1.39
Debt/EBITDA ratio (D/E)	<3.5	3.04	2.27
Current ratio (CR)	>1.00	1.61	2.01
Solvency ratio (SR)	>30%	44%	45%

In January 2022, a sale purchase agreement was signed for the acquisition of the trademark Pagafasil from PSB Bank. The economic lifespan of the trademark amount paid to PSB Bank is set to indefinite, hence, no amortization is calculated and will be subject to an impairment analysis at year end. Other investment were made for the upgrading and development of the new bill payment platform and were completed by the end of August 2022 at which point amortization started.

(Amounts * 1,000)	Dec 31, 2022	Dec 31, 2021
Intangible assets		
Cost January 1	59,085	59,085
Accumulated amortization	(14,028)	(10,130)
Book value January 1	45,047	48,955
Addition – current year	4,015	-
Amortization - current year	(4,045)	(3,898)
Cost December 31	63,100	59,085
Accumulated amortization	(18,073)	(14,028)
Balance at end of year	45,027	45,057

2022

5.6.2 Property, Plant and Equipment

The table below provides an overview of the property, plant and equipment as per December 31, 2022 and as per December 31, 2021:

(Amounts in ANG * 1,000)	Cost 1-Jan-22	Accum. depr. 1-Jan-22	Book value 1-Jan-22	Additions 2022	Disposals 2022	Transfers 2022	Reclass 2022	Depreciation 2022	Adjust 2022	Cost 31-Dec-22	Accum. depr. 31-Dec-22	Book value 31-Dec-22
Communication network	26,254	18,906	7,348	62	-	493	-	(286)	(67)	26,726	19,176	7,550
Land and Buildings	237,853	163,925	73,929	1,947	-	1,183	-	(4,886)	-	240,983	168,811	72,173
Production Plants	351,898	192,250	159,649	509	-	20,863	-	(12,675)	(315)	372,912	204,862	168,050
Distribution network	776,003	561,641	214,363	-	-	6,268	-	(17,694)	(822)	781,449	579,335	202,114
Metering network	51,908	36,533	15,375	1,422	-	622	-	(2,222)	(2,000)	53,952	38,802	15,197
Industrial Equipment & Accessories	4,440	3,631	809	237	-	-	-	(138)	-	4,678	3,769	909
Other assets	17,125	14,139	2,987	435	-	6,349	-	(875)	(61)	22,895	15,028	7,867
Spare parts	31,843	24,567	7,276	2,759	-	-	-	(2,465)	-	34,602	27,032	7,570
Work in progress	55,982	-	55,982	43,235	(36)	(35,779)	-	-	(564)	62,838	-	62,838
	1,555,310	**1,015,592**	**537,718**	**50,606**	**(36)**	**-**	**-**	**(41,176)**	**(3,829)**	**1,601,083**	**1,056,815**	**544,268**

(Amounts in ANG * 1,000)	Cost 1-Jan-21	Accum. depr. 1-Jan-21	Book value 1-Jan-21	Additions 2021	Disposals 2021	Transfers 2021	Reclass 2021	Depreciation 2021	Adjust 2021	Cost 31-Dec-21	Accum. depr. 31-Dec-21	Book value 31-Dec-21
Communication network	23,023	18,607	4,416	82	-	3,066	83	(283)	-	26,254	18,906	7,348
Land and Buildings	237,297	158,910	78,387	70	(38)	524	-	(5,052)	38	237,853	163,925	73,929
Production Plants	353,096	183,647	169,449	-	(1,567)	11	359	(10,125)	1,566	351,898	192,250	159,649
Distribution network	773,225	533,911	239,314	(2,806)	(133)	3,657	2,061	(27,863)	133	776,003	561,641	214,363
Metering network	50,142	32,802	17,340	690	(127)	1,203	-	(3,854)	123	51,908	36,533	15,375
Industrial Equipment & Accessories	4,336	3,379	957	104	-	-	-	(252)	-	4,440	3,631	809
Other assets	16,034	12,840	2,911	184	-	176	732	(1,050)	283	17,125	14,139	2,987
Spare parts	9,921	7,088	2,833	21,922	-	-	-	(19,016)	1,537	31,843	24,567	7,276
Work in progress	25,850	-	25,850	28,091	-	(8,636)	10,677	-	-	55,982	-	55,982
	1.492,884	**951,467**	**541,457**	**48,337**	**(1,865)**	**-**	**13,912**	**(67,806)**	**3,678**	**1.553,310**	**1.015,592**	**537,718**

2021

5.6.3 Leases

Aqualectra leases cars and land. The latter being governmental land leases. Furthermore, the power purchase agreement for the solar panels installed on the roofs of schools, qualified as a lease, when assessing it against the IFRS 16 requirements. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. The lease term for solar panels is currently between 10 and 15 years. The remaining lease terms for cars is between 1 and 6 years, while the land leases are currently at 10 to 30 years remaining. There are several lease contracts that include extension and termination options. There are no leases with low value.

Set out below are the carrying amounts of right of use assets recognized and the movements during the period:

(Amounts in ANG * 1,000)	Solar panels	Car lease	Ground lease	Total
Balance at January 1, 2022	3,759	3,925	12,723	20,408
Addition	-	4,126	-	4,126
Adjustment beginning balance	(3,759)	(1,409)	363	(4,805)
Depreciation expense	-	(3,123)	(485)	(3,608)
Balance at December 31, 2022	**-**	**3,519**	**12,602**	**16,121**

Set out below are the carrying amounts of lease liabilities (included as non-current Liabilities) and the movements during the period:

(Amounts in ANG * 1,000)	2022	2021
Balance at January 1	19,906	23,549
Prior year adjustment	(3,810)	(680)
Addition	4,126	766
Accretion of interest	659	886
Payments	(4,190)	(4,615)
Balance at December 31	**16,690**	**19,906**

The following are the amounts recognized in profit or loss:

(Amounts in ANG * 1,000)	2022	2021
Depreciation expense right-of-use assets	3,608	2,591
Interest expense on lease liabilities	659	848
Total amount recognized in profit or loss	**4,267**	**3,439**

The total cash outflows for leases amounted to ANG 4.6 million in 2022 (2021: ANG 4.6 million). The are no future cash outflows relating to leases that have not yet commenced.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased assets portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 5.2). All extension options were included in the lease term and termination options were excluded from the lease terms.

5.6.4 Inventories

A summary of inventories as per December 31, 2022 and as per December 31, 2021 is specified below:

(Amounts in ANG (net of provision)* 1,000)	Dec 31, 2022	Dec 31, 2021
Materials and spare parts (net)	63,821	35,710
Fuel and lubricants	10,923	7,823
Water	643	614
Total Inventories	**75,387**	**44,147**

Provision inventories

(Amounts in ANG (net of provision)* 1,000)	Dec 31, 2022	Dec 31, 2021
Balance at the beginning of the year	(10,332)	(8,480)
Addition / (Release)	1,377	(1,852)
Balance at end of the year	**(8,955)**	**(10,332)**

5.6.5 Trade accounts receivable

The composition of trade accounts receivable as per December 31, 2022 and as per December 31, 2021 is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Residential Customers	111,958	101,630
Commercial Customers	41,622	39,668
Industrial Customers	39,217	48,045
Street Light Customers	6,408	4,992
Government Customers	13,292	12,873
Billing cycle to be invoiced	21,521	16,669
Allocated Cash Security deposits	(15,682)	(15,229)
Regulatory receivables	39,742	39,215
	258,078	247,863
Expected credit loss	(71,879)	(74,025)
	(71,879)	(74,025)
Total trade accounts receivable	**186,199**	**173,838**

Trade debtors are valued at the actual billing amounts for electricity and water. A provision has been created for expected credit loss as shown below.

Expected credit loss

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Balance at the beginning of the year	(74,025)	(107,026)
Releases / (Additions)	(7,378)	(3,103)
Write off 2021	9,523	36,104
Balance at end of the year	**(71,879)**	**(74,025)**

5.6.6 Financial liabilities

The summary below provides insight in outstanding long term loans as per December 31, 2022 and as per December 31, 2021:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Balance at January 1		
Loan Meerjarenplan (MJP)	13,885	13,885
Loan CIBC / MCB facility Tr-1A	254,183	268,708
	268,068	282,593
Current maturities	(14,525)	(14,525)
Current maturities of long-term loans	(13,885)	(13,885)
Balance at December 31	**239,658**	**254,183**

Loan MJP:
In order to finance a comprehensive rehabilitation plan for the water distribution network, it was agreed in 1989 that KABNA would provide funds from the MJP of which approximately 50% was to be donated. For the remaining 50% a loan agreement was signed in November 1991 for a maximum amount of ANG 39 million. Because funding by KABNA was stopped in 1996, only ANG 26.3 million was drawn. After a grace period of 8 years, repayment was scheduled to start in December 2000 by 22 annual annuities.

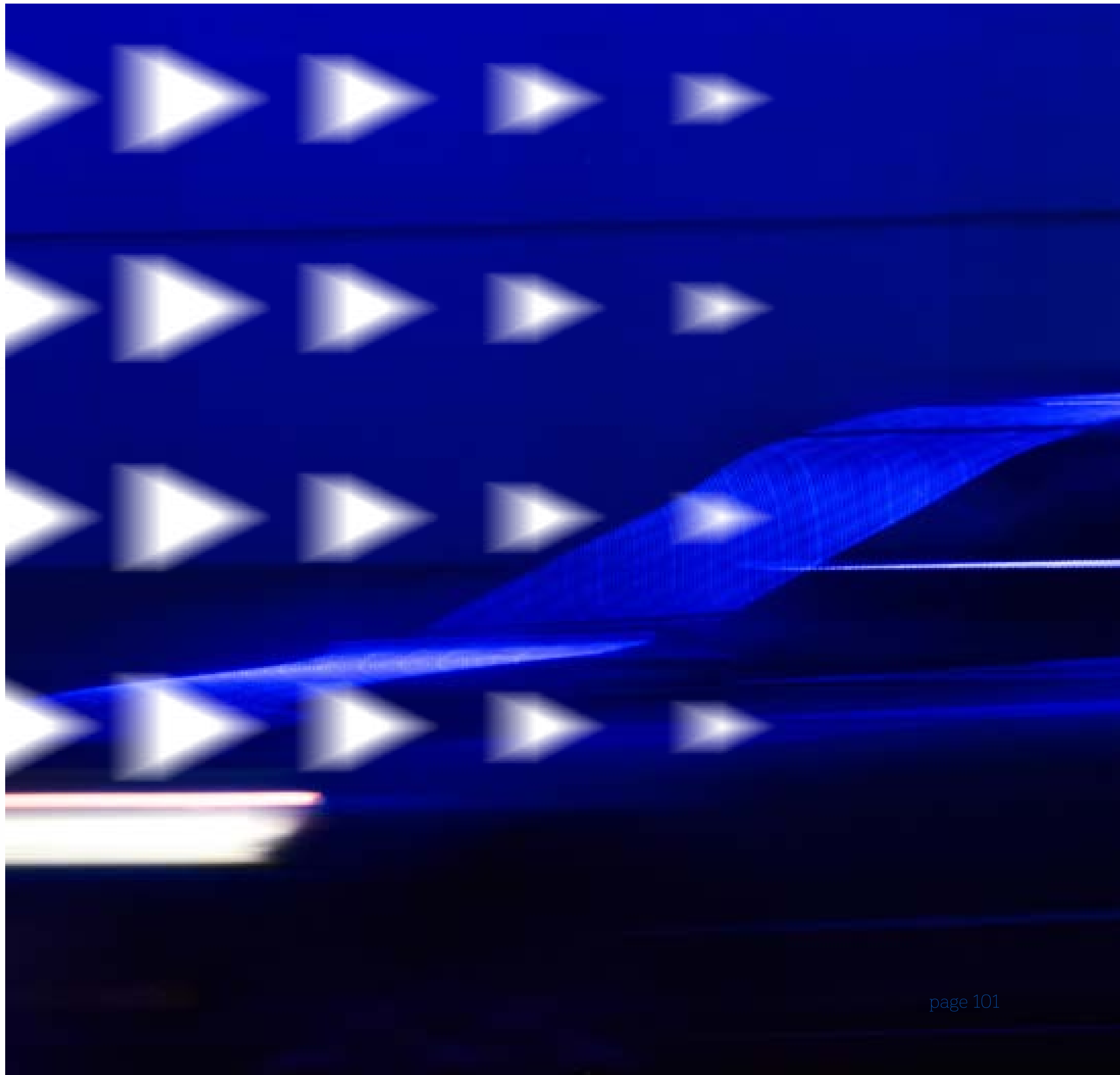
The group has corresponded with the previous minister of finance regarding the settlement of a part of the outstanding amount with receivable amount for electricity and water bills of various governmental departments. No securities were pledged to this loan. Interest was fixed at 2.5% per annum.

Loan CIBC/MCB facility
On November 14, 2018, a facilities agreement was signed with Maduro & Curiel's Bank N.V. (MCB) and CIBC First Caribbean Bank (CIBC) for ANG 375 million (of which ANG 325 is committed). The first tranche of ANG 160 million was made available on December 28, 2018. The second tranche of ANG 125 million was disbursed on December 13, 2019. ANG 244 million of the loan bears interest of 3.75% per annum and ANG 41 million of the loan sold down and bears interest of 4%. Both tranches are fixed for 5 years. The facilities agreement also includes an overdraft of ANG 40 million. As secured collateral, the banks have a deed of mortgage on registered property, deed of pledge of movable assets, deed of pledge of receivables and a declaration of non-disposal and negative pledge.

5.6.7 Provisions

The provisions as per December 31, 2022 and as per December 31, 2021 can be divided in the following categories:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Provisions employee benefits	66,117	72,403
Other provisions	5,922	6,510
Total provisions	**72,039**	**78,913**



5.6.7.1 Provisions employee benefits

The provision for employee benefits as per December 31, 2022 and as per December 31, 2021 is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Provision medical costs retired employees	7,796	8,440
Provision supplementary pension APC (DT)	10,300	11,184
Provision early retirement benefit (VUT)	-	46
Provision anniversary bonus	16,415	15,426
Provision AOV/BVZ compensation	9,459	12,968
Provision retirement stimulation	3,200	4,746
Provision reorganization expense	18,949	19,593
Total provisions	**66,117**	**72,403**

The calculations of the provisions, except vacation leave, are based upon actuarial assumptions. The key assumptions for each plan are included in the table below. For the discount rate applied, refer to the sensitivity analysis within this section.

Actuarial assumptions

	2022	2021	Applicable for
Indexation	0%	0%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Discount rate	4%	3,75%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Inflation	0%	0%	Medical, AOV/BVZ, VUT, DT and Early Retirement stimulation
Turnover	1%	1%	Medical, AOV/BVZ and Early Retirement stimulation
Salary increases	3.00%	2%	Anniversary and Early retirement plan

Mortality:	2022	2021
Male:	GBM0813	GBM0813
Female:	GBV0813	GBV0813

Retirement age for 2022 and 2021:

Probability to retire at age 60 - 85%
Probability to retire at age 65 - 15%

The position of the provision medical costs retired employees, supplementary pension APC (DT), early retirement benefit (VUT), anniversary bonus, AOV/BVZ compensation and retirement stimulation are shown below:

(Amounts in ANG * 1,000)	Medical costs Dec. 31, 2022	DT Dec 31, 2022	VUT Dec 31, 2022	Anniversary bonus Dec 31, 2022	AOV/BVZ Dec 31, 2022	Retirement stimulation Dec 31, 2022
Liability recognized in the consolidated statement of financial position						
Present value of obligations	7,796	10,300	-	16,415	9,459	3,200
Fair value of plan assets	-	-	-	-	-	-
Unrecognized past service gain	-	-	-	-	-	-
Provision	**7,796**	**10,300**	**-**	**16,415**	**9,459**	**3,200**
Movement in provisions						
Provisions at the beginning of year	8,440	11,184	45	15,426	12,968	4,746
Expenses	418	396	1	1,900	606	390
Benefits paid	(526)	(902)	(46)	(1,425)	(3,604)	(1,762)
Actuarial losses / (gain)	(537)	(379)	-	514	(511)	(174)
Provision at the end of the year	**7,796**	**10,300**	**-**	**16,415**	**9,459**	**3,200**
Amounts recognized in the consolidated statement of comprehensive income						
Current service costs	106	-	-	1,268	181	210
Interest costs	312	396	1	631	424	179
Actuarial losses recognized in the consolidated statement of comprehensive income						
Expenses recognized in consolidated comprehensive inc.	**418**	**396**	**1**	**1,900**	**606**	**390**
Present value of the unfunded obligations at end of year						
Present value of the obligations at the beginning of year	8,440	11,184	45	15,426	12,968	4,746
Interest costs	312	396	1	631	424	179
Current service costs	106	-	-	1,268	181	210
Benefits paid	(525)	(902)	(46)	(1,425)	(3,604)	(1,762)
Actuarial loss / (gain) on obligation	(537)	(379)	-	514	(511)	(174)
Present value of the unfunded obligations at end of year	**7,796**	**10,300**	**-**	**16,415**	**9,459**	**3,200**
Fair value of the plan assets						
Fair value of the plan assets at the beginning of the year	-	-	-	-	-	-
Contributions by the employer	(526)	(902)	(46)	(1,425)	(3,604)	(1,762)
Benefits paid	526	902	46	1,425	3,604	1,762
Present value of the plan assets at the end of year	**-**	**-**	**-**	**-**	**-**	**-**
Development of deficit in the plan						
Present value obligations	7,796	10,300	-	16,415	9,459	3,200
Deficit in the plan	**7,796**	**10,300**	**-**	**16,415**	**9,459**	**3,200**

(Amounts in ANG * 1,000)	Medical costs Dec. 31, 2021	DT Dec 31, 2021	VUT Dec 31, 2021	Anniversary bonus Dec 31, 2021	AOV/BVZ Dec 31, 20221	Retirement stimulation Dec 31, 2021
Liability recognized in the consolidated statement of financial position						
Present value of obligations	8,440	11,184	46	15,426	12,968	4,746
Fair value of plan assets	-	-	-	-	-	-
Unrecognized past service gain	-	-	-	-	-	-
Provision	**8,440**	**11,184**	**46**	**15,426**	**12,968**	**4,746**
Movement in provisions						
Provisions at the beginning of year	8,515	11,615	133	15,016	14,586	6,853
Expenses	435	404	3	1,865	788	590
Benefits paid	(544)	(928)	(92)	(1,775)	(3,859)	(2,735)
Actuarial losses / (gain)	35	93	2	321	1,452	39
Provision at the end of the year	**8,440**	**11,184**	**46**	**15,426**	**12,968**	**4,746**
Amounts recognized in the consolidated statement of comprehensive income						
Current service costs	118	-	-	1,307	261	333
Interest costs	317	404	3	558	527	256
Actuarial losses recognized in the consolidated statement of comprehensive income						
Expenses recognized in consolidated comprehensive inc.	**435**	**404**	**3**	**1,865**	**788**	**590**
Present value of the unfunded obligations at end of year						
Present value of the obligations at the beginning of year	8,515	11,615	133	15,016	14,586	6,853
Interest costs	317	404	3	558	527	256
Current service costs	118	-	-	1,307	261	333
Benefits paid	(544)	(928)	(92)	(1,775)	(3,859)	(2,735)
Actuarial loss / (gain) on obligation	35	93	2	321	1,452	39
Present value of the unfunded obligations at end of year	**8,440**	**11,184**	**46**	**15,426**	**12,968**	**4,746**
Fair value of the plan assets						
Fair value of the plan assets at the beginning of the year	-	-	-	-	-	-
Contributions by the employer	(544)	(928)	(92)	(1,775)	(3,859)	(2,735)
Benefits paid	544	928	92	1,775	3,859	2,735
Present value of the plan assets at the end of year	**-**	**-**	**-**	**-**	**-**	**-**
Development of deficit in the plan						
Present value obligations	8,440	11,184	46	15,426	12,968	4,746
Deficit in the plan	**8,440**	**11,184**	**46**	**15,426**	**12,968**	**4,746**

The expenses have been included in social securities and other personnel expenses in the statement of comprehensive income.

Provision medical costs of retired employees
According to the collective labor agreements of Aqualectra N.V., retired employees will be compensated to a certain extent for their medical costs. Effective August 1, 2014, with the implementation of the basic health care insurance (Basisverzekering Ziektekosten, BVZ), changes were made to the health coverage plan for the retired personnel.

The 2% contribution is no longer applicable, and to partially compensate the employees for the additional costs of BVZ effective retirement date, the Group contributes 3% of the retired employee's pension to the "Sociale Verzekeringbank" (SVB).

A sensitivity analysis on the present value of the obligation as per December 31, 2022 and as per December 31, 2021 is presented below. The sensitivity analysis shows the effect on the obligations based on a 0.25% change in the discount rate with all other assumptions constant.

Medical expenses retired employees 2022

(Amounts in ANG * 1,000)	Basis	Deviation in discount rate	
Discount rate Aqualectra	4.00%	3.75%	4.25%
Discount rate IUH	4.00%	3.75%	4.25%
Turnover	1.00%		
Effect on present value of the defined benefit obligation	7,796	(195)	271
Present value of the defined benefit obligation	**7,796**		

Medical expenses retired employees 2021

(Amounts in ANG * 1,000)	Basis	Deviation in discount rate	
Discount rate Aqualectra	3.75%	3.50%	4.00%
Discount rate IUH	3.75%	3.50%	4.00%
Turnover	1.00%		
Effect on present value of the defined benefit obligation	8,440	229	(232)
Present value of the defined benefit obligation	**8,440**		

Assumption Sensitivity Level 2022

(Amounts in ANG * 1,000)		Life expectancy
	Increase by 1 year	Decrease by 1 year
Impact on medical cost of retired employees obligation	124	(321)

Provision supplementary pension APC (DT)
In 1943 the Government guaranteed civil servants a pension that amounts to 70% of their average salary received during 24 months before their retirement (Duurtetoeslagregeling gepensioneerden 1943). Consequently, the Government had to pay the difference between the guaranteed pension amount and the pension actually built-up as per the APC pension arrangement. As per National Decree of July 12, 1995 it is stipulated that the legal entity that was the last to employ the person concerned, is responsible for payment of the aforementioned difference.
As of January 1, 1998 the AOV-franchise has been included in the pension plan of “Algemeen Pensioenfonds Curaçao” (APC). The pension allowance to be paid by APC under this changed plan is lower than the allowance that would have been paid according to the former plan. Under certain conditions a supplementary pension has to be paid by the employer to the employees participating in this pension plan to compensate for the discrepancy between the allowance as per the former and changed plan. It is however not clear in which cases and to which extent the employer has an obligation to pay a supplementary pension.

Currently, there is a dispute between the Group and APC concerning the interpretation of the regulation of “duurtetoeslag” (DT). Reference is made to note 5.6.16.3 for additional detail.

On December 28, 2015 per National decree (P.B 2015, no. 78) the till then existing Pension plan decree for civil servants (“Pensioenlandsverordening overheidsdienaren”) and the decree Age limit civil servants (“Landsverordening leefdtijdsgrens ambtenaren”) have been amended and the supplementary pension decree (“Duurtetoeslagregeling gepensioneerden 1943”) has been revoked effective as of January 1, 2017. Persons entitled to an existing DT arrangement will maintain this. But as of January 1, 2017 the existing DT arrangements will be indexed only if the thereto related pensions are being indexed. As of January 1, 2016 indexation of the new pension plan for civil servants will be conditional upon the financial performance of the APC.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2022 and December 31, 2021 is presented below. The sensitivity analysis shows the effect on the unfunded obligations based on a 0.50% change in the discount rate with all other assumptions constant. For 2022, additional sensitivity analysis was performed for a change of 1% on the indexation rate

Supplementary pension APC (DT) 2022 (Amounts in ANG * 1,000)	*Basis*	*Deviation in discount rate*		*Deviation in pension indexation*	
Discount rate Aqualectra	4.00%	3,75%	4.25%	4.00%	4.00%
Pension Indexation	0%	0%	0%	0%	0%
Effect on present value of the defined benefit obligation	10,300	(257)	257	0%	0%

Supplementary pension APC (DT) 2021 (Amounts in ANG * 1,000)	*Basis*	*Deviation in discount rate*		*Deviation in pension indexation*	
Discount rate Aqualectra	3.75%	3,50%	4.00%	3.75%	3.75%
Pension Indexation	0%	0%	0%	0%	0%
Effect on present value of the defined benefit obligation	11,184	(237)	229	0%	0%

The following sensitivity analysis shows the effect of a change in life expectancy of a male or female participant by 1 year on supplementary pension APC (DT) obligation:

Assumption Sensitivity Level 2021 Sensitivity Level 2021 (Amounts in ANG * 1,000)	*Life expectancy*	
	Increase by 1 year	Decrease by 1 year
Impact on supplementary pension APC (DT) obligation	515	(51)

The Group also has a difference of opinion with APC as to the calculation of the supplementary pension premiums. Reference is made to note 5.6.16.3 for additional detail.

Provision early retirement benefit (VUT)
According to the collective labor agreements of the Group, employees have the option of filing a request with the BMD to retire from service at the age of 55, under certain conditions such as employment with the Group for at least 20 years. The BMD decides whether the employee's request will be honored. In such case, the resulting obligation will be accounted for as a liability in the Group's statement of financial position.

Due to the change in retirement age with the company, the VUT age must be shifted for employees born after 1963. There is no change for employee born after 1964 and who already receive a VUT benefit. New VUT requests from employees will not approved by management.

The VUT benefit is based on a percentage of the annual salary depending on the years of service. Early retirement age is defined as age 60 or older after at least 20 years of service (age 55 or older for employee who opted for VUT before December 31, 2018).

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2022 and as per December 31, 2021 has been performed and showed that a 0.50% change in the discount rate for 2022 and for 2021 additional sensitivity analysis was performed for a change of 1% on the indexation rate, with all other assumptions constant, would result in the following movements.

Supplementary pension APC (VUT) 2022 (Amounts in ANG * 1,000)	*Basis*	*Deviation in discount rate*		*Deviation in pension indexation*	
Discount rate IUH and Aqualectra N.V.	4.00%	3,75%	4.25%	4.00%	4.00%
Pension Indexation	0%	0%	0%	0%	0%
Effect on present value of the defined benefit obligation	-	(0)	0	0%	0%

Supplementary pension APC (VUT) 2021 (Amounts in ANG * 1,000)	*Basis*	*Deviation in discount rate*		*Deviation in pension indexation*	
Discount rate IUH and Aqualectra N.V.	3.75%%	3,50%	4.00%	3.75%	3.75%
Pension Indexation	0%	0%	0%	0%	0%
Effect on present value of the defined benefit obligation	46	(0)	0	0%	0%

Provision anniversary bonus
According to the collective labor agreement of the Group, employees are entitled to an anniversary bonus linked to the amount of years of service.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2022 and as per December 31, 2021 is presented below. The sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.50% change in the discount rate or in the future salary increase rate or in turnover (n/a for 2019), with all other assumptions constant.

Provision anniversary bonus 2022 (Amounts in ANG * 1,000)	Basis		Discount rate	Deviation in future salary increase rate			Deviation in turnover
Discount rate Aqualectra	4.00%	3,75%	4.25%	4.00%	4.00%	4.25%	4.25%
Discount rate IUH	4.00%	3.75%	4.25%	4.00%	4.00%	4.25%	4.25%
Turnover	1.00%-	1.00%	1.00%	1.00%	1.00%	0.50%	1.50%
Inflation future salary increase (inflation & career)	3.00%	2.50%	3.50%	1.00%	2.00%	1.50%	1.50%
Impact on Anniversary bonus obligation in ANG 1,000	16,415	(410)	410	(82)	(821)	(82)	821
Present value of the defined benefit obligation	16,415						

Provision anniversary bonus 2021 (Amounts in ANG * 1,000)	Basis		Discount rate	Deviation in future salary increase rate			Deviation in turnover
Discount rate Aqualectra	3.75%	3,50%	4.00%	3.75%	3.75%	4.25%	4.25%
Discount rate IUH	3.75%	3,50%	4.00%	3.75%	3.75%	4.25%	4.25%
Turnover	1.00%-	1.00%	1.00%	1.00%	1.00%	0.50%	1.50%
Inflation future salary increase (inflation & career)	2.00%	1.75%	2.25%	1.00%	2.00%	1.50%	1.50%
Impact on Anniversary bonus obligation in ANG 1,000	15,426	(328)	316	672	(716)	(696)	653
Present value of the defined benefit obligation	15,426						

Provision AOV/BVZ compensation
In 2013 the parliament of Curaçao passed a bill that raised the pensionable age for the state pension (Algemene Ouderdomsverzekering; AOV) from age 60 to age 65. For persons reaching age 60 before 2024 Aqualectra wants to provide compensation for this loss of AOV-income from age 60 to age 65. In addition Aqualectra wants to provide compensation to these persons for the fact that the premium for some state benefits are higher before the state retirement age then after the state retirement age and also compensate all tax consequences. The provision for AOV/BVZ compensation as of December 31, 2018 assumes that Aqualectra will cover 100% of those losses during all five years.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2022 is presented below. The sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.50% change in the discount rate or turnover with all other assumptions constant.

AOV/BVZ 2022 (Amounts in ANG * 1,000)	Basis		Deviation in discount rate		Deviation in turnover
Discount rate Aqualectra	4.00%%	3,75%	4.25%	4.00%	4.00%
Turnover	1.00%	1.00%	1.00%	0.50%	1.50%
AOV/BVZ plan Obligation in ANG 1,000	9,459	(236)	236	(47)	473

AOV/BVZ 2021 (Amounts in ANG * 1,000)	Basis		Deviation in discount rate		Deviation in turnover
Discount rate Aqualectra	3.75%%	3,50%	4.00%	3.75%	3.75%
Turnover	1.00%	1.00%	1.00%	0.50%	1.50%
AOV/BVZ plan Obligation in ANG 1,000	12,968	(68)	67	(28)	28

The following sensitivity analysis shows the effect of a change in life expectancy of a male or female pensioner by 1 year on the AOV/BVZ compensation provision:

Assumption Sensitivity Level 2022 (Amounts in ANG * 1,000)	Life expectancy	
	Increase by 1 year	Decrease by 1 year
Impact on defined benefit AOV/BVZ plan obligation	473	(47)

Provision retirement stimulation
The Provision Retirement Stimulation has been recorded based on a protocol signed with the Unions in 2017 and renegotiated in 2018 to account for these future expenses.

A sensitivity analysis on the present value of the unfunded obligation as per December 31, 2022 is presented below. The sensitivity analysis reflected below shows the effect on the unfunded obligations based on a 0.25% change in the discount rate or in the future salary increase rate or turnover with all other assumptions constant. The sensitivity analysis reflected below for 2022 shows the effect on the unfunded obligations based.

Retirement stimulation 2022 (Amounts in ANG * 1,000)	Basis	Deviation in discount rate		Deviation in future salary increase rate		Deviation in turnover	
Discount rate Aqualectra	4.00%	3.75%	4.25%	4.00%	4.00%	4.00%	4.00%
Turnover	1.00%	1.00%	1.00%	1.00%	1.00%	0.50%	1.50%
Salary increase (inflation & career)	3.00%-	2.50%	3.50%	1.00%	2.00%	1.50%	1.50%
Impact on the retirement stimulation plan	3,200	(80)	80	(16)	160	(16)	160

Retirement stimulation 2021(Amounts in ANG * 1,000)	Basis	Deviation in discount rate		Deviation in future salary increase rate		Deviation in turnover	
Discount rate Aqualectra	3.75%	3,50%	4.00%	3.75%	3.75%	3.75%	3.75%
Turnover	1.00%	1.00%	1.00%	1.00%	1.00%	0.50%	1.50%
Salary increase (inflation & career)	1.50%-	1.50%	1.50%	1.00%	2.00%	1.50%	1.50%
Impact on the retirement stimulation plan	4.746	(18)	18	35	(35)	(37)	37

The following sensitivity analysis shows the effect of a change in life expectancy of a male or female pensioner by 1 year on the retirement stimulation provision.

Assumption Sensitivity Level 2022 (Amounts in ANG * 1,000)	Life expectancy	
	Increase by 1 year	Decrease by 1 year
Impact on defined benefit Retirement stimulation plan obligation	-	-

Amounts related to the (other) post employment benefit plans for the current and previous five annual periods are as follows:

		2022	2021	2020	2019	2018	2017
Medical costs retired employees	Surplus/(deficit)	7,796	8,440	8,515	8,476	7,304	8,234
Pension APC (DT)	Surplus/(deficit)	10,300	11,184	11,615	11,724	9,965	11,154
Early retirement benefit (VUT)	Surplus/(deficit)	-	46	134	327	1,163	1,596
Defined benefit pension plan	Surplus/(deficit)	-	-	-	-	-	89,159
Anniversary bonus	Surplus/(deficit)	16,415	15,426	15,015	16,060	14,318	15,549
AOV/BVZ compensation	Surplus/(deficit)	9,459	12,968	14,587	16,163	16,892	26,461
Retirement Stimulation	Surplus/(deficit)	3,200	4,746	6,853	9,389	17,471	34,019

Impact of provisions employee benefits on OCI
The actuarial gains and losses on the defined benefit obligations, with the exception of the provision for anniversary bonus, are recorded in other comprehensive income (OCI) as follows:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Actuarial gains/ (losses)		
Provision medical costs retired employees	(537)	35
Provision supplementary pension APC (DT)	(379)	93
Provision early retirement benefit (VUT)	-	2
Provision retirement stimulation plan	(174)	39
Provision AOV/BVZ Compensation	(511)	1,452
	(1,599)	**1,622**

Provision reorganization

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Provision for reorganization		
Balance at beginning of year	19,593	19,971
Change in provision	(644)	(378)
Balance at end of year	**18,949**	**19,593**

The reorganization provision has been created with the aim to execute the reorganization /right sizing plan within Aqualectra. The provision as per December 31, 2022 and 2021 is based on a one-time redundancy payment scheme that is in accordance with the CLA's of Aqualectra Production and Aqualectra Distribution. The actual termination of employees due to reorganization and rightsizing was expected to take place in 2022 but a delay was experienced in the project.

5.6.7.2 Other provisions

Other provisions consists of the provision for decommissioning of the Mundo Nobo Plant. The position of the provision is shown below:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Provision decommissioning of Mundu Nobo		
Balance at beginning of year	6,510	6,510
Change in provision	(588)	-
Total other provisions	**5,922**	**6,510**

Provision decommissioning of Mundu Nobo
The Island Government has identified the south coast as an area for tourism development, and in supporting these efforts Management has subsequently created a provision for the decommissioning of the Mundu Nobo plant. Over the years, an independent valuation expert was engaged for calculating the estimation for the costs of decommissioning (most recent year was 2011). The provision was estimated at ANG 17.0 million. This provision has been reduced by actual demolition costs incurred since 2013 and by change in the valuation of the provision.
The provision does not take into account possible proceeds from the sale of the dismantled equipment on the scrap market as the residual value cannot yet be determined reliably. In 2022 demolition costs were incurred amounting to ANG 588 thousand (2021: ANG 0).

5.6.8 Trade accounts payable

The Table below provides an overview of the Trade accounts payable as per December 31, 2022 and as per December 31, 2021:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Curiol	26,385	15,077
Local suppliers	18,200	12,052
Foreign suppliers	6,784	5,921
Government institutions	9,609	7,589
Advanced payments received from clients	12,531	10,444
Other accounts payable	1,851	5,693
Total accounts payable	**75,360**	**56,776**

5.7 Explanatory notes to the summary statement of comprehensive income

2022

5.7.1 Revenue from contract with customers

The total revenues are presented below:

December 31, 2022

	Services					Services			
(Amounts in ANG * 1,000)	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and misc. income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distribution, Selikor and Aquadesign	Commission income operators	Other revenue	Total
Revenue from contract with customers	513,725	70,926	622	521	43	8,484	720	1,161	596,203
Timing of revenues recognition:									
Services transferred at a point in time	21,839	-	622	-	-	4,255	720	1,161	31,634
Service transferred over time	491,886	70,926	-	521	43	4,229	-	-	567,605
Total revenue from contract with customers	**513,725**	**70,926**	**622**	**521**	**43**	**8,484**	**720**	**1,161**	**596,203**

December 31, 2021

	Services					Services			
(Amounts in ANG * 1,000)	Water & electricity sales and KVA Allowance	Pagatinu	Connection fees, fines charges and misc. income	Rental of water meters	Rental of buildings and poles	Services related to streetlights, sales and distribution, Selikor and Aquadesign	Commission income operators	Other revenue	Total
Revenue from contract with customers	441,758	61,598	261	533	82	9,156	-	1,099	514,487
Timing of revenues recognition:									
Services transferred at a point in time	14,991		261	-	-	4,760	-	1,099	21,111
Service transferred over time	426,767	61,598	-	533	82	4,396	-	-	493,376
Total revenue from contract with customers	**441,758**	**61,598**	**261**	**533**	**82**	**9,156**	**-**	**1,099**	**514,487**

2021

5.7.2 Direct costs production

Direct cost production is specified below:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Fuel usage	26,460	161,989
Chemicals	4,085	4,920
Lubrication	4,065	4,496
Purchase of water	21,537	18,907
Other direct cost of production	4,667	894
Purchase of electricity from CUC	1,700	2,445
Purchase of electricity from wind farms	37,524	38,900
Balance at end of year	**334,039**	**232,551**

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Cost of service value added services	162	452
Merchant Commission fees	1,717	-
Total other direct costs of sale	**1,879**	**452**

The expenses for the power and water purchase agreements desalination plant and the wind park, and temporary diesel power plant, presented in note 5.6.17.1, are reported as part of the direct costs production.

5.7.3 Salaries, social securities and other personnel expenses

Salaries, social securities and other personnel expenses are specified below:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Salaries	69,603	63,172
Overtime	4,534	4,307
Social securities	22,315	22,330
Other personnel expenses	6,810	4,358
Total salaries, social securities and other personnel expenses	**103,262**	**94,167**

During 2021 a project was started to properly classify material and parts as Major Spare Parts based on applicable reporting standards. Based on this assessment there were two major reclass adjustments that were recorded. An amount of ANG 14.9 million was reclassed out of the material stock and properly classified as Major spare parts. Also an amount of ANG 16.9 million was reclassed from expenses (materials) and properly capitalized and classified as Major spare parts.

The development in the labor force during 2022 and 2021 was as follows:

Labor force	Aqualectra N.V.	Integrated Utility Holding N.V.	Aqualectra Multi Utility N.V.	Utility Financial Services	Total
12/31/2021	563	2	1	-	566
12/31/2022	595	2	2	2	601
Net Increase/(decrease)	**32**	**-**	**1**	**2**	**35**

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Other (post) employment benefits (net)	3,709	4,149
Total other (pos) employment benefits (net)	**3,709**	**4,149**

5.7.4 Parts, repairs and maintenance

Parts, repair and maintenance expenses are expenses made for parts and hired services for the operation and maintenance of the electricity and water production units, electricity and water distribution network and other assets.

December 31, 2022

(Amounts in ANG * 1,000)	Parts	Services	Other	Total
Electricity	10,859	13,013	-	23,872
Water	1,180	2,949	-	4,129
Other assets & facilities	106	1,155	-	1,261
General	2,084	1,386	-	3,470
Other material usage expense	-	-	1,756	1,756
Other service expense	-	-	10	10
Provision for obsolete inventory	-	-	(1,331)	(1,331)
Total Parts, Repair & Maintenance Expenses	**14,228**	**18,503**	**435**	**33,166**

December 31, 2021

(Amounts in ANG * 1,000)	Parts	Services	Other	Total
Electricity	(3,984)*	18,944	-	14,960
Water	1,400	5,352	-	6,752
Other assets & facilities	72	1,577	-	1,649
General	1,734	497	-	2,231
Other material usage expense	-	-	1,459	1,459
Other service expense	-	-	21	21
Provision for obsolete inventory	-	-	1,862	1,862
Total Parts, Repair & Maintenance Expenses	**(778)**	**26,370**	**3,342**	**28,934**

Without these reclassifications, the total repair & maintenance expenses would have amounted to ANG 60.7 million, which is ANG 7.7 million (14.5%) higher than 2020, due to the various expenses incurred to ensure the electricity grid was stabilized again, after the four black-outs experienced in December 2020/January 2021.

5.7.5 General expenses

General expenses are specified below:
Supervision expense includes compensation of the BSD, travel expenses and expenses related to consulting services on behalf of the BSD.

GENERAL EXPENSES (Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
Housing and car fleet	4,671	3,541
Office expenses	4,485	2,991
Insurance and security	6,069	7,125
Consultancy	8,113	8,047
Communications and public relations	5,467	3,663
Regulation and compliance fees	1,250	1,686
Other expenses	147	665
Power outage cost	-	(1,058)
Supervision expenses	314	286
Total general expenses	**30,517**	**26,946**

5.7.6 Interest expense

A breakdown of the interest expenses is as follows:

(Amounts in ANG * 1,000)	Dec 31, 2022	Dec 31, 2021
MCB/FCIB loan	9,226	9,799
Lease Liability	659	848
Interest income	(155)	(224)
Other interest expenses	35	(294)
Total Financial costs	**9,765**	**10,129**

5.7.7 Related parties

Identification of related parties
Note 5.2 provides the information about the Group's structure including the details of its subsidiaries. In addition to the subsidiaries, the directors, executive officers (key management personnel) and the Vidanova Pension Fund are also considered related parties.

Transactions with key management personnel
Key management are considered those persons who have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management of the Group is provided salary, benefits and incentives based on both the Group's and individual performance. The executive management also participates in a pension plan. The Group does not have a share based compensation plan.

The remuneration of direct management of the Group is included in the consolidated statement of comprehensive income under personnel costs. The remuneration of the BSD is included in the consolidated statement of comprehensive income under general expenses.

Key management, including, the BSD's compensation can be categorized as follows:

(Amounts in ANG * 1,000)	2022	2021
Short term employee benefits	1,545	1,601
Post employment employee benefits	416	424
Total key management officers' compensation	**1,960**	**2,025**

As per December 31, 2022 key management consisted of 1 Chief Executive Officer, 1 Chief Financial officer and 7 Tier one Managers, hence no changes compared to 2021.

As per December 31, 2022 the BSD consisted of 4 Directors (2021: 5).

Transactions with Vidanova Pension Fund
The Group paid to Vidanova Pension Fund a total amount of ANG 9.1 million for the pension plan in 2022 (2021: ANG 9.3 million).

Transaction with Curoil N.V
The group paid to Curoil N.V, which also has the same ultimate beneficial owner, a total amount of ANG 273,9 million in 2022 (2021: ANG 139,5 million)

5.8 Subsequent events

In 2019, Aqualectra recorded a reorganization provision for an amount of ANG 19 million. The actual termination of employees due to reorganization and rightsizing was expected to take place in 2022 but a delay was experienced in the project. As the organizational design has evolved this might result in a deviation of the provision as these will only be known at the moment of execution as employees with an eliminated function can apply for vacancies in the new organization or choose to resign with the severance payment. Furthermore, employees with an eliminated function must successfully complete an assessment to be assigned the revised function in the new organization or can choose to resign with the severance payment. Finally, Employees on functions with lower FTE requirements in the new organization can apply for new vacancies or choose to resign with the severance payment.

In March 2023, Aqualectra began with the process to negotiate the refinancing of the long term debt. Deloitte Debt and Capital advisory Netherlands is currently assisting the group in this process by achieving a full scope multitrack tender process to increase deal certainty, maximize competitive pressure and ensure that the best financing terms and conditions is being prepared. The Group expect to finalize the Senior Facility Agreement in August 2023.

Independent Auditors' Report

To the Board of Managing Directors and the Shareholder of Integrated Utility Holding N.V

Report on the Audit of the Consolidated Financial Statements as included in the Annual Report 2022

Our opinion

We have audited the consolidated financial statements of Integrated Utility Holding N.V. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on June 27, 2022.

Report on the other information included in the annual report

Management is responsible for the other information. The other information comprises the Report from the Board of Managing Directors, the Report from the Board of Supervisory Directors and the Highlights of the year. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Management is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud orerror, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient andappropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud ishigher 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relateddisclosures 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 doubton the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are requiredto draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if suchdisclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to thedate of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a goingconcern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including thedisclosures, and whether the consolidated financial statements represent the underlying transactions and events in amanner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction,supervision and performance of the Group 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.

Report on Other Legal and Regulatory Requirements

Pursuant to paragraph 4.5 of the Island Decree Corporate Governance Code of Curaçao, to the best of our knowledge and belief, and to the extent we were reasonably able to verify the contents to underlying information provided to us, we report that the Corporate Governance report as included in the Report of the Board of Managing Directors and the Report of the Board of Supervisory Directors does comply with the requirements of the Island Decree Corporate Governance Code.

August 28, 2023

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Annual
Report
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2022
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