

MPower Ventures AG

Zürich

Year 2022

Report of the statutory auditors on the Limited Statutory Examination

**To the General Meeting of
MPower Ventures AG
8005 Zürich**

Report of the statutory auditors on the Limited Statutory Examination

As statutory auditors, we have examined the financial statements (balance sheet, income statement and notes) of MPower Ventures AG for the year ended 31 December 2022.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a Limited Statutory Examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a Limited Statutory Examination to identify material misstatements in the financial statements. A Limited Statutory Examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our Limited Statutory Examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the company's articles of incorporation.

Without qualifying our examination conclusion, we draw your attention to the note 'Outstanding receivables' in the notes to the financial statements, where the Board of Directors elaborates on the recoverability of the trade receivables. From the auditors' point of view, the recoverability can not be conclusively assessed objectively at the present time and depends, among other things, on achieving the business plan. Should a substantial value adjustment be necessary for the receivables, we refer to the duties of the Board of Directors in accordance with article 725 CO.

We draw your attention to the fact that the annual shareholder's meeting should be held within six months of the balance sheet date in accordance with article 699 paragraph 2 CO.

Cham, 17 August 2023

Tria Revisions AG

Hannes Zumstein
Licensed Audit Expert
Auditor in Charge

Patrick Biedermann
Licensed Audit Expert

Enclosures: Financial Statements and the proposed appropriation of available earnings

Balance Sheet as of 31.12.2022

Assets	31.12.2022 CHF	%	31.12.2021 CHF	%
Bank balances	779'820.72		637'983.60	
Cash and cash equivalents	779'820.72	17.0	637'983.60	16.8
Receivables from third parties	508'731.48		390'974.56	
Receivables from investments	1'479'928.87		504'459.20	
Valuation adjustment	-95'235.35		-146'837.66	
Trade accounts receivable	1'893'425.00	41.2	748'596.10	19.7
Other short-term receivables from third parties	23'049.39		1'473.83	
Prepayments	124'247.44		267'729.93	
Other short-term receivables	147'296.83	3.2	269'203.76	7.1
Inventories	10'000.00		623'311.40	
Valuation adjustment	0.00		-77'913.93	
Inventories	10'000.00	0.2	545'397.47	14.4
Prepaid expenses and accrued income	55'000.00	1.2	65'102.51	1.7
Current assets	2'885'542.55	62.9	2'266'283.44	59.7
Investments	9'580.28		9'580.28	
Trade receivables with expected payment > 12 months	973'500.07		1'088'649.35	
Loans to investments	354'929.11		191'178.91	
Shareholder Loan	1.00		23'094.44	
Loans to affiliated	155'014.54		0.00	
Financial assets	1'493'025.00	32.5	1'312'502.98	34.6
Patents, licences and copyrights	9'980.75		24'133.67	
Software development	202'130.14		190'598.32	
Intangible assets	212'110.89	4.6	214'731.99	5.7
Non-current assets	1'705'135.89	37.1	1'527'234.97	40.3
Total Assets	4'590'678.44	100.0	3'793'518.41	100.0

Balance Sheet as of 31.12.2022

Liabilities & Equity	31.12.2022 CHF	%	31.12.2021 CHF	%
Accounts payable due to third parties	131'540.09		161'149.63	
Accounts payable due to investments	0.00		136'320.25	
Trade accounts payable	131'540.09	2.9	297'469.88	7.8
Other short-term liabilities due to third parties	29'242.43		24'747.88	
Other short-term liabilities due to shareholders	211'067.65		0.00	
Bank loans	300'361.53		0.00	
Open Expense Reclaims Employees	2'043.13		1'741.86	
COVID-Loan	4'520.00		4'520.00	
Other short-term liabilities	547'234.74	11.9	31'009.74	0.8
COVID-Loan Canton	37'500.00		37'500.00	
Short-term interest-bearing liabilities	37'500.00	0.8	37'500.00	1.0
Accrued expenses and deferred income	173'775.90	3.8	0.00	0.0
Short-term liabilities	890'050.73	19.4	365'979.62	9.6
COVID-Loan	40'662.00		49'702.00	
Long-term non-interest bearing liabilities	40'662.00	0.9	49'702.00	1.3
Bank loans	1'862'750.00		1'962'750.00	
Convertible Notes	1'466'656.06		997'042.53	
COVID-Loan Canton	37'500.00		112'691.73	
Other long-term liabilities due to third parties	296'852.67		296'852.67	
Long-term interest bearing liabilities	3'663'758.73	79.8	3'369'336.93	88.8
Provisions	-126'290.16	-2.8	-139'126.39	-3.7
Long-term liabilities	3'578'130.57	77.9	3'279'912.54	86.5
Liabilities	4'468'181.30	97.3	3'645'892.16	96.1
Share capital	237'070.50	5.2	237'070.50	6.2
Reserves from capital contributions	1'206'737.04		1'206'737.04	
Legal capital reserves	1'206'737.04	26.3	1'206'737.04	31.8
Results carried forward	-1'296'181.29		-614'111.86	
Loss for the year	-25'129.11		-682'069.43	
Accumulated losses	-1'321'310.40	-28.8	-1'296'181.29	-34.2
Equity	122'497.14	2.7	147'626.25	3.9
Total Liabilities & Equity	4'590'678.44	100.0	3'793'518.41	100.0

Income statement 01.01.2022 - 31.12.2022

Income statement	2022 CHF	%	2021 CHF	%
Revenue from sale of goods and services	1'467'771.61		1'135'441.29	
Other revenue - Grants	0.00		121'503.40	
Other revenues and services	-65'102.51		291.00	
Revenue reduction	51'602.31		0.00	
Revenue from sale of goods and services	1'454'271.41	100.0	1'257'235.69	100.0
Material expenses	-857'642.55		-902'511.93	
Expenses for purchased services	0.00		-43'721.08	
Value adjustment Inventory	145'915.33		-148'503.06	
Cost of goods sold	-711'727.22	-48.9	-1'094'736.07	-87.1
Gross Profit	742'544.19	51.1	162'499.62	12.9
Salary costs	-212'162.23		-212'084.10	
Social security costs	-42'016.65		-61'060.40	
Other personnel expenses	-317.28		-745.24	
Personnel expenses	-254'496.16	-17.5	-273'889.74	-21.8
Rent and repair costs for non-production facilities	-24'708.72		-26'582.01	
Vehicle costs	-2'194.42		0.00	
Administrative efforts and IT expenditures	-232'953.86		-325'779.11	
Advertising & travel costs	-22'435.39		-26'117.04	
Other operating expenses	-12'836.23		-12'501.84	
Other operating expenses	-295'128.62	-20.3	-390'980.00	-31.1
Operating result before financial results, taxes, depreciation and impairment losses	192'919.41	13.3	-502'370.12	-40.0
Depreciation	-77'283.99		-62'655.14	
Impairment losses	-18'093.44		0.00	
Depreciation	-95'377.43	-6.6	-62'655.14	-5.0
Operating results before financial result and taxes	97'541.98	6.7	-565'025.26	-44.9
Financial expenses	-148'061.15		-164'131.87	
Financial income	26'156.89		69'282.90	
Financial result	-121'904.26	-8.4	-94'848.97	-7.5
Operating result before taxes	-24'362.28	-1.7	-659'874.23	-52.5
Non-operating expenses	-496.58		0.00	
Non-operating income	-496.58	0.0	0.00	0.0
Extraordinary, non-recurring or prior period expenses	0.00		-23'574.15	
Extraordinary, non-recurring or prior period income	0.00		2'970.10	
Extraordinary, non-recurring or prior period expenses	0.00	0.0	-20'604.05	-1.6
Direct taxes	-270.25	0.0	-1'591.15	-0.1
Loss for the year	-25'129.11	-1.7	-682'069.43	-54.3

Notes to the financial statements

Notes	31.12.2022 CHF	31.12.2021 CHF
Details of the accounting principles applied in the annual financial statements		
These annual financial statements were compiled in compliance with Swiss legal regulations, in particular the articles on commercial bookkeeping and accounting in the Swiss Code of Obligations (Art. 957 to 962).		
Preparation of the financial statements requires estimates and judgments by the Board of Directors that could affect the reported amounts of assets and liabilities and contingent liabilities at balance sheet date, as well as income and expenses during the reporting period. The Board of Directors decides each case at its own discretion on the use of existing legal valuation and accounting leeway. For the benefit of the company, depreciations, value adjustments and provisions beyond the economically required extent can be formed under the principle of prudence.		
Full-time equivalents		
Average annual number of full-time employees	below 10	below 10
Investments		
MPower Ventures Iberia S.L. Calle Titán 8, 28045 Madrid, Spain Nominal Value: EUR 3'010.00 Quote: 100%	3'501.48	3'501.48
MPower Cameroun Sarl Quartier Ndogbong, face collège La Conquete, Douala 4, Cameroun Nominal Value: XAF 1'000'000.00 Quote: 100%	1'710.00	1'710.00
MPower Togo Sarl LOME quartier Adidogomé, Rue Zionto, 04 BP 983, Togo Nominal Value: XOF 990'000 Quote: 99%	1'730.00	1'730.00
MPower Ventures Zambia Limited 7a/110a, Villa Elizabetha, Musonda Ngosa Road, Lusaka, Lusaka Province, Zambia; PO Box: 34255 Nominal Value: ZMW 14'850.00 Quote 99%	1'035.00	1'035.00
MPower Solar Solutions Namibia (Proprietary) Limited 3-5 Grimm Street, Windhoek, Namibia Nominal Value: NAD 100 Quote: 100%	1'603.80	1'603.80
Total:	9'580.28	9'580.28
Obligations to pension fund		
Obligations to pension fund	21'251.05	13'751.00
Convertible Notes		
Convertible Notes	1'466'656.06	997'042.53
The company does not have to repay the convertible loans in cash. The conversion of the convertible loans into shares is mandatory. The convertible loan holders do not possess an option to not convert into shares upon maturity of the convertible loan		
Extraordinary or prior period items		
Extraordinary expenses due to payments of social insurance contributions for prior periods	0.00	23'574.15

Notes to the financial statements

Notes	31.12.2022 CHF	31.12.2021 CHF
Extraordinary income due to adjustment short-term debts	0.00	2'970.10

Outstanding receivables

The Board of Directors of MPower Ventures AG is aware of the amount of receivables. High receivables in relation to turnover are due to the business model of MPower, providing both inventory finance to its distributors and engaging in consignment deals, resulting in payback periods above 12 months. The Board of Directors is convinced of MPowers business model and is also convinced of achieving the results forecasted in the business plan. Based on repayments in the past the board of directors has no reason to doubt that receivables will be collected from third parties either directly or through its subsidiaries in due time.

COVID-19-Loan

In 2020, MPower Ventures AG got a guaranteed COVID 19 loan of CHF 54'222 and a COVID 19 loan from the Canton of Zurich of CHF 150'000.

During the term of the COVID 19 credit, the statutory restrictions apply (profit distributions and repayment of loans to shareholders or related parties).

In connection with the provisions on capital loss or over-indebtedness pursuant to Art. 725b of the Swiss Code of Obligations, the COVID 19 loans in the amount of CHF 120'162.00 in total are not considered debt capital (Art. 24 of the COVID 19 Solidarity Guarantee Ordinance)

Significant events after the balance sheet date

On 17 January 2023, the convertible notes were fully converted and added to equity. In addition, there were direct investments of CHF 489'997.69 in the course of the capital increase.

MPower Ventures AG
8005 Zürich

Appropriation of retained earnings

	31.12.2022 CHF	31.12.2021 CHF
Loss carried forward	-1'296'181.29	-614'111.86
Loss for the year	-25'129.11	-682'069.43
Total loss	-1'321'310.40	-1'296'181.29
Loss carried forward	-1'321'310.40	-1'296'181.29
Total loss	-1'321'310.40	-1'296'181.29