



WATER- EN
ENERGIEBEDRIJF
BONAIRE

WATER- EN ENERGIEBEDRIJF BONAIRE N.V.

ANNUAL REPORT 2020



28 MAY 2021, BONAIRE

let's do it
together

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Preface

World-wide the year 2020 was a year like never before due to the outbreak of the global pandemic of COVID-19.

The first two to three months of the year seemed to be normal, but after the beginning of March everything changed for Water- en Energiebedrijf Bonaire (further WEB) and for the rest of the world. With COVID-19 WEB put measures in place such as working from home, working in A and B teams, working with social distance, hand sanitizing, cleaning measures, quarantines, travel waivers, testing and so on, WEB put a lot of effort in adapting to the new situation.

In the beginning this led to some delays in work execution, but as everybody adapted and got used to the new situation, we are proud to conclude that there has been no contamination between employees and during the year we were still able to reach a lot of our goals. We deeply appreciate the adaptability and flexibility of our personnel.

We started and ended 2020 with participating in Island Council meetings. At the start of 2020 we were finalizing the finance of a USD 63.8 million loan for investments in a new drinking water plant, water reservoirs and upgrading the water- and electricity network and as part of the process we were answering questions asked in the Island Council. The year ended with the last actions needed to secure the required subsidies to cover the operations of waste water. This included several Island Council meetings in December regarding the introduction of a levy on waste water collection, which was finally achieved on December 21st, 2020. The year 2020 is characterized by hard work of all employees of WEB to overcome hurdles, find solutions and work around obstacles that COVID-19 and other challenges presented to us. But at the end, together, we were able to make things happen.

We are very proud that we were able to continue with our planned distribution projects for drinking water and electricity. That we were able to connect the houses and projects as requested and could continue executing our planned maintenance on our distribution grid. We were also able to manage the progress in the construction of the new drinking water treatment plant with all our contractors involved. We faced delays in fabrication and shipping of important parts of the plant as they were fabricated

in Wuhan, China. We had to overcome quarantine situations with contractors, supervisors, and even our newly hired Chief Operations Officer (COO). We divided our Hato site in different zones where we had strict COVID-measures applicable so the work on the different parts of the plant, but also on the water tanks, could continue. We started midst of the pandemic with the execution of the replacement of the irrigation line and repair of the booster station in order to finalize the 9th EDF project as agreed with the stakeholders in April 2021. And we are still on schedule.

We also thank the Dutch government for their support to the community with their subsidies of the fixed tariffs for drinking water and electricity and our local Bonairean government for their support to the households that were not able to pay the variable tariffs. With this support many of our clients were able to keep paying their drinking water and electricity bills and it significantly mitigated the collection risk for WEB. By assuring our income we were able to continue servicing the Bonairean community. The title of our Annual Budget for 2020 was 2020 Year of Embedment, with focus on execution. In spite of the COVID-19 pandemic WEB with its dedicated employees achieved a lot of what was planned for the year and this makes us very proud!

Water- en Energiebedrijf Bonaire



Profile Water- en Energiebedrijf Bonaire

WEB is active on Bonaire for over 57 years. In 2020 WEB was producing drinking water (20%) together with GE/ SUEZ (80%) at the Hato location. WEB has started the construction of a new drinking water treatment plant in 2020 which will become operational in 2021 and with this WEB will become the sole producer of drinking water on Bonaire. WEB is since inception the only drinking water and electricity distributor on Bonaire, while most of the electricity production is done by ContourGlobal Bonaire (hereafter CGB).

WEB has a small solar park at Barcadera and of course households and businesses also generate some decentralized electricity amounting to approximately 3% of the total electricity production on the island. Since 2014 WEB is also providing the service of collecting and sanitizing sewage water of the households and businesses that are connected to the sewage infrastructure and sanitizes sewage water delivered by trucks for those that are not connected. WEB produces irrigation water from this process which is distributed to hotels, LVV and farmers for production of local food.

WEB is a government owned entity with a supervisory board and a shareholder. The shareholder is the local government. It is a company regulated by law and therefore supervised by the same entities as in the Netherlands being the Autoriteit Consument & Markt (hereafter ACM) for the tariffs and Inspectie Leefomgeving en Transport (hereafter ILT) for the quality of operations.

Bonaire is still growing

Bonaire is one of the three Lesser Antilles located North of Venezuela. Together with St. Eustatius and Saba they form the BES-islands and are special municipalities of the Netherlands (so called "Openbaar Lichaam"). The population of Bonaire, has grown to 20.915 inhabitants in 2020 (2019: 20.104 inhabitants). Even during the COVID-pandemic Bonaire experienced a dynamic development in population and construction activities on the island continued. The tourism sector has been hit hard during 2020 and this sector has shown a decline in 2020 due to the COVID-19 pandemic. The growth in population and construction has led to a small increase in the demand for drinking water of 0.25% and an increase in the demand for electricity of

1.41%. The growth of the population and ongoing construction activities have maintained a fairly stable demand. With the replacement of the irrigation lines the hotels and apartment complexes in the coastal area are reconnected to the irrigation lines.

WEB locations

WEB operates from 5 locations dispersed over the island and a distribution infrastructure over an extensive part of the island. WEB's head office is located in the Kaya Gresia 6 in the center of Kralendijk. The drinking water production and distribution is executed and coordinated from the Hato coastal location. WEB has a location strategically located in the middle of the island, called SCADA, where we have a meeting room which can be used in case Hurricanes or other disasters reach the island, that always can be used for WEB meetings. The Bonaire Sewage and Sanitation System is located at Lagoen behind the fields of LVV, the agriculture location of the government. At the Barcadera location WEB has her peak shavers, solar park installation and the project management organisation keep offices there, while we house the Algae Park and other environmental friendly activities there.

WEB Strategy

WEB started in 2020 with the development of the corporate strategy for the following years. We started strategy sessions in February, but due to COVID-19 it was not possible till August to continue the process. The strategy process will conclude in the second quarter of 2021. WEB has formulated its sustainability aspiration for 2030. The aspiration of WEB provides a clear picture about what the company stands for and where it wants to go. We have decided to put sustainability and affordability at the core of our services, culture and way of working and doing business. As the preferred water and energy services provider of Bonaire, we aim to enable for every citizen and business of the Bonaire community as customers to join in the transition towards a more sustainable and smarter water and energy management and consumption. To achieve this, we aim to consistently put the customer at the center of everything we do and commit ourselves to contribute to the Global Sustainable Development Goals in support of Bonaire as the World's first Blue Destination.



Vision WEB

The preferred Water and Energy Services provider of Bonaire, that ensures safe, sustainable, reliable, qualitative and affordable Water and Energy for every citizen, to preserve our natural assets and contribute to the Quality of Life of our present and future generations.

Core Purpose

We facilitate our customer's structural control of their Water and Energy Management towards a more Sustainable and Smarter Water and Energy consumption in Bonaire.

We guarantee the most affordable water and energy services, through innovative and proven solutions and technologies and close partnerships.

Roles

- Water & Energy Services Provider
- Sustainable Water Producer
- Sustainable Water Cycle Manager
- Accelerator of Water and Energy Transition
- Energy Market Place Custodian
- Educator & Knowledge Partner

Core Values

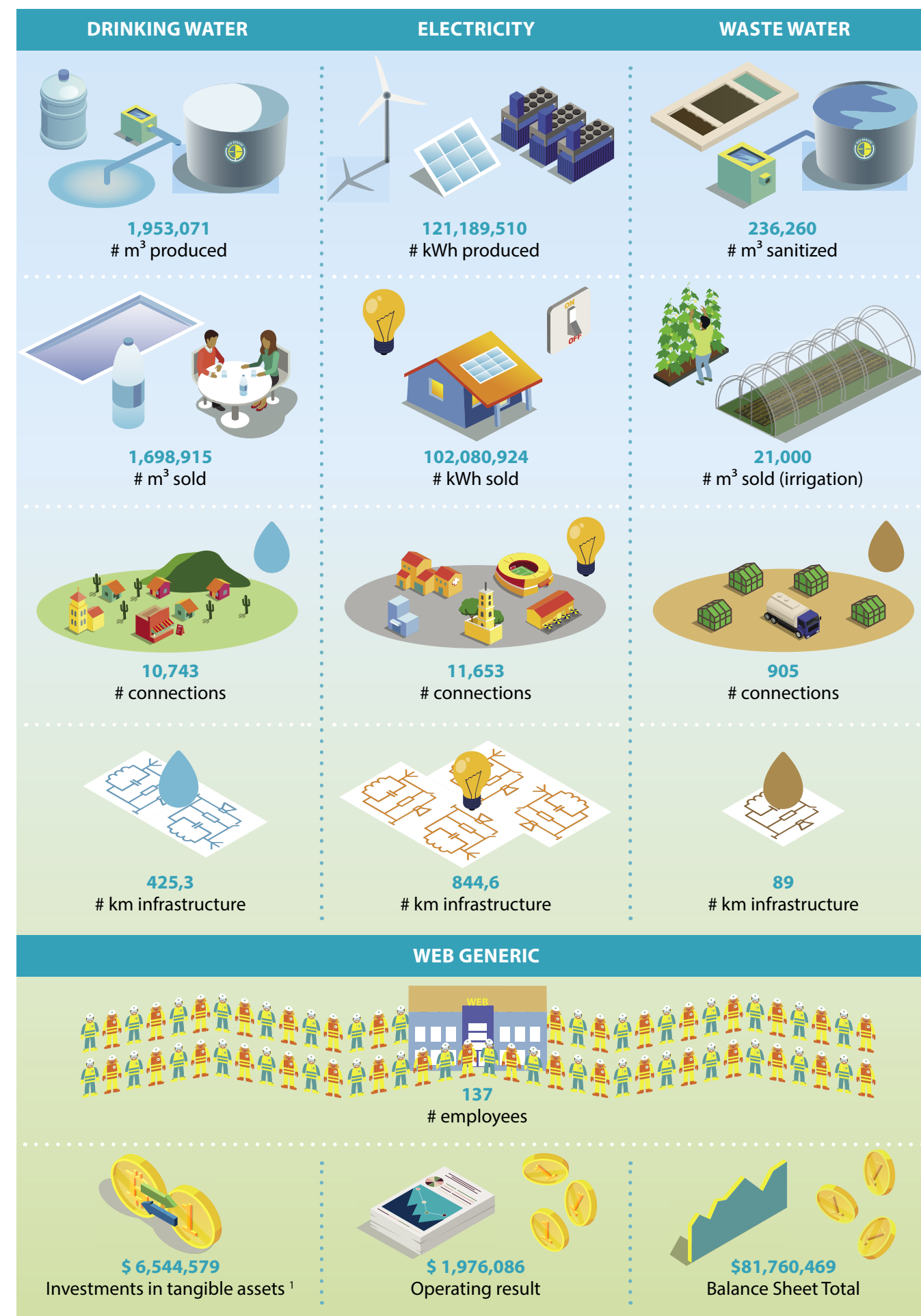
- Open & Honest Communication
- Value People
- Grow Together
- Customer First
- Excellence

For the year 2020 one of our most important focus areas was guaranteeing the cost-effectiveness of the Waste Water Treatment Plant (WWTP). In close cooperation with the local government a waste water levy legislation was drafted and passed in the Island Council end of December, with that guaranteeing the cost-effectiveness of the WWTP.

Another important focus was the construction of the new Drinking Water Treatment Plant (DWTP) at Hato in close cooperation with IDE Technologies from Israel. The COVID-19 pandemic caused some delays but with creative solutions the construction is still on schedule. The sustainable reverse osmosis technique with more efficient use of energy will be a considerable improvement compared to the currently used plant and will have a cost efficient effect on the drinking water tariffs. With the financial facility agreement closed in December 2019, the funds were made available to start the construction process.

For electricity the main focus was pursuing subsidies for the hybrid project, which will increase the renewable energy production from 30% to 60-70%. Proceeding on the building blocks of a new energy management system and new batteries implemented in 2019, expansion with solar, wind and batteries/invertors is possible while keeping the grid stable. With subsidy we expect the effect will be a decrease of the tariffs for the community.

Core numbers – 2020



¹ Investments in tangible fixed assets excluding work in progress

Year in oversight 2020

JAN

- New Year breakfast with WEB personnel
- Delegation of Ministry I&W visits WEB for introduction new Secretary General of I&W
WEB presents plans for construction water plant and plans for separating terrain for construction of container terminal
- Island Council meeting on Financial Facility Agreement WEB
- Presentation of HR Strategy and Service Delivery Model



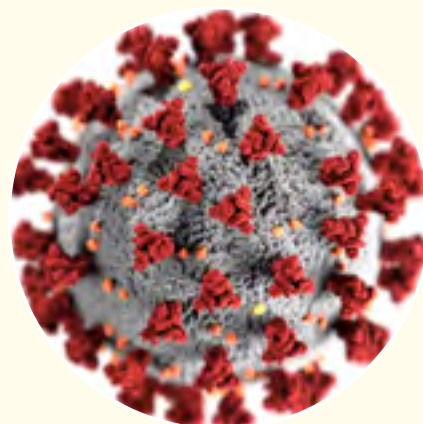
FEB

- Formal opening event of new plant of ContourGlobal Bonaire at Karpata
- Visit from VEI from the Netherlands to WEB
- WEB Board of Directors visit the Netherlands and present hybrid plan to Ministry I&W, Ministry EZK, Parliamentary Commission on Kingdom Affairs
- First sessions on corporate strategy
- Introduction of WEB for new member of Supervisory Board Mr. Stacie

MAR



- Formal opening Algae Parc Bonaire in cooperation with the University of Wageningen
- Board of directors of Stedin visit WEB
- COVID pandemic reaches Bonaire
- First COVID-19 continuity plan in use at WEB
- First WEB-IDE directors meeting to monitor project progress



APR

- Presentation LNG findings and option by ContourGlobal
- Supervisory Board approval of the direction for sustainable energy development based on the ContourGlobal hybrid project
- Construction started at the Hato site for the new waterplant
- ContourGlobal switches from HFO to LFO
- KCD Drinking Water delivered to ILT



MAY

- End of first COVID-19 wave
- First personnel information session in COVID style at different locations and social distancing measures
- Preparation drafting waste water levy
- Agreement with the local government to execute the replacement of the irrigation pipeline and expansion of the sewage infrastructure in Belnem
- Additional drinking water production capacity by GE-Suez operational
- Despite COVID-19 pandemic, WEB presents Annual Report to shareholder



JUNE

- New COO Mr. G. Scharrenberg in service of WEB and starting with the new top structure
- Signing of contract with Florida Aquastore to build new water tank at Seru Largu.
- Start process to draft public lighting policy in close cooperation with Bonairean government
- Shareholder approves Annual Report 2019
- Celebration 5 years no total Black-out on Bonaire
- Start-up meeting execution 9th EDF project to repair irrigation line and booster station



Year in oversight 2020

JULY

- Signing of the contract with ABBA construction to construct electricity building for new DWTP
- July 31st Total Black-out on Bonaire
- Works started on the replacement of the irrigation pipeline
- Subsidy request for the hybrid project submitted to Dutch Ministries
- Employees' Health conscious Day



AUG

- Strategic ICT sessions in COVID-19 setting
- Visit of representatives of Ministry of I&W and GSS to Barcadera site
- Continuation of corporate strategy sessions in COVID-19 setting
- Blackout joint investigating committee installed



SEPT

- Signing of the contract with Aqualectra for the E-contract for the new DWTP
- Visit of representation of Ministry I&W and EZK for a presentation of the sustainability vision of WEB
- Second COVID-19 wave and implementation of the continuity plan
- Several major load sheddings on request of the power producer
- Final report of the joint investigating committee Also final report on load sheddings



OKT

- Presentation draft dynamic study for drinking water by RHDHV
- Continuation of the strategic ICT sessions in COVID-19 setting
- End of second COVID-19 wave
- Consolidate funding for EDF9



NOV

- Continuation of corporate strategy sessions in COVID-19 setting
- Start of Ban Move project for employees to keep everybody moving also in COVID-period to improve personnel well being
- Breakfast with stakeholders in 9th EDF project to celebrate progress of activities (all in COVID-19 setting)
- ACM published new tariffs for drinking water and electricity



DEC

- Year plan and Annual Budget 2021 and multi annual budget 2022-2025 approved by shareholder
- Start construction of the new water tank at Seru Largo
- ICT awareness sessions for Management Team with strong focus on cyber security
- Tendering for EDF10 started
- Island Council meetings regarding waste water levy with final approval on December 21st
- New island commissioner for WEB



Financial Highlights

Financial Highlights

	Unit	2020	2019	2018	2017
Results					
Total operating revenues	\$ 1.000	49,795	53,148	50,591	42,246
Total operating expenses ²	\$ 1.000	(47,819)	(51,129)	(47,259)	(43,101)
Operating result	\$ 1.000	1,976	2,019	3,332	(855)
Financial (expenses) and income	\$ 1.000	(1,312)	(781)	(839)	(896)
Net income		664	1,238	2,493	(1,751)
Balance Sheet					
Working Capital	\$ 1.000	11,188	127	2,060	3,805
Fixed assets	\$ 1.000	63,385	54,992	52,642	50,428
Shareholders' Equity	\$ 1.000	39,985	39,321	38,083	35,590
Balance Sheet Total	\$ 1.000	81,760	66,862	64,339	62,796
Ratios Financial Policies					
Solvency ratio (Total shareholder equity/Total assets)	%	48.91	58.81	59.19	56.68
Current ratio (Current assets/Current liabilities)	%	2.56	1.01	1.21	1.44
ROA ³	%	2.66	3.02	5.18	(1.36)
ROIC (Return on invested capital) ⁴	%	0.89	2.25	4.56	(3.23)
DSCR ⁵		3.88	3.77	2.72	1.38
Other Core Financials					
Net cash flow	\$ 1.000	11,458	(3,146)	(1,232)	(5,948)
Investments in tangible assets ⁶	\$ 1.000	6,545	5,593	4,755	8,382

² Including the sum of the direct costs

³ ROA: Operating Result/ Average total assets

⁴ ROIC: Net income/ (Fixed Assets + Net Working Capital)

⁵ DSCR: EBITDA / Debt Service

⁶ Investments in tangible assets excluding work in progress

Non-Financial Highlights

Non-Financial Highlights

	Unit	2020	2019	2018	2017
Disruption numbers					
Electricity ⁷	in min.	23:29	33:38	37.84	33:36
Drinking Water distribution	Number	959	1,227	1,595	1,222
Irrigation water		78	28	171	342
Transportation and connections					
Water production to distribution tanks (available for sale)	m ³	1,952,956	1,932,315	1,752,519	1,634,542
Energy generated / bought (available for sale)	kWh	112,093,244	110,584,815	104,670,599	105,808,476
Waste Water received	m ³	236,743	265,757	256,658	216,739
Waste Water treated	m ³	236,260	265,757	256,523	216,739
Post paid electra connections	Number	9,096	8,722	8,410	8,327
Pagabon (prepaid) connections electra	Number	2,557	2,433	2,267	2,068
Drinking water connections	Number	10,743	10,348	9,884	9,640
Smart electra meters	Number	100	100	0	0
Smart drinking water meters	Number	0	0	0	0
Sales					
Total drinking water delivered by truck	m ³	13,113	12,289	11,006	9,646
Total drinking water sales	m ³	1,698,915	1,694,598	1,502,907	1,389,722
Total electricity sales ⁸	kWh	102,080,924	100,663,357	95,076,976	93,865,903
Total irrigation water sales	m ³	21,000	20,379	13,575	18,636
Non Revenue Electricity (NRE)	%	8.85	8.97	9.17	11.29
Non Revenu Water (NRW)	%	13.01	12.30	14.24	14.98
Renewable energy	%	20.9	27.0	32.8	27.8
HR					
Personnel formation	Number	148	145	139	138
Personnel Staffing	Number	137	132	126	124
Total women	Number	30	30	27	26
Sick leave	%	5.91	7.5	7	5.5

⁷Including electricity production and electricity distribution

⁸Including total drinking water delivered by truck

Report of the Board of Directors over 2020

Report of the Board of Directors over 2020

Despite the COVID-19 pandemic, WEB was able to continue with developments. In this report we will elaborate in more detail on the achievements in 2020 for the different business units and support units.

Drinking Water

For the Business Unit Drinking Water the main focus in the year 2020 was the building of the new drinking water plant and assuring the drinking water supply during the construction period. In March the construction of the new drinking water treatment plant started and the first visible activities at the Hato terrain were the pouring of the cement foundation of the plant and the new brine gutter. WEB made an agreement with GE Suez to bring in a Seapro 210 unit to assure the quality and quantity of the drinking water supply for Bonaire as half of the units of the then existing drinking water plant of GE SUEZ had reached the end of its lifetime. The Seapro 210 unit was commissioned and production commenced in June 2020.

The COVID-19 situation led to delays in the manufacturing and transport process of the water plant by IDE Technologies (hereafter IDE) which had important components of the new drinking water treatment plant fabricated in China. During 2020 IDE and WEB worked closely together to mitigate all possible delays to make sure the new drinking water treatment plant will be ready as planned in 2021. WEB and IDE renegotiated the commissioning date with support of Royal Haskoning DHV (hereafter RHDHV), using the "Federation International des Ingénieurs-Conseils" (hereafter FIDIC) procedure. New commissioning date is August 15, 2021. During 2020 the local contractors were able to deliver civil projects for the drinking water treatment plant on time. Also, the supplies ordered by WEB reached Bonaire within the planned timeframe.

WEB delivered a new Quality Control Document (KCD) to the supervisor ILT, which was approved with compliments on the quality of the document.

In May WEB signed the letter of acceptance for the construction of the new water reservoir at Seru Largu. In December the permits were received and the construction has started. In 2021 the water reservoir will be commissioned and production will commence.

For the Business Unit Drinking Water the Non-Revenue Water (NRW) is a very important KPI and the Business Unit has put a lot of efforts in finding ways to lower the NRW. Analyses and pilots have been executed in neighborhoods with high NRW percentages. Meters are calibrated, installations of industrial clients are checked, activities at 'nil'-clients are checked, night consumption is measured, leakages are repaired, a pilot is conducted with dual stage PRV to lower pressure on the lines during low-use hours. The result of this has not led to the NRW percentage for 2020 as desired, but with the awareness of the importance of a low NRW raised in the Business Unit and in the community, we expect better results in 2021. The Business Unit will continue with their efforts to reach a level of around 10% NRW the coming years.

Also, the continuation of the maintenance program with replacement of older main force and connection lines has been executed according to the schedule, even during the pandemic.

Electricity

The proposal for the hybrid project of CGB, negotiated and evaluated by WEB with support of TNO and DNVGL, was the topic of the year 2020. The year started with the formal opening of the new CGB plant on February 4th. With the new Energy Management System in place and in combination with the new engines, inverters and batteries CGB is able to receive more renewable energy sources on the system. During a conversation with CGB, possibilities were discussed like using alternative fuel types to lower tariffs. WEB has as position that the hybrid project would be a great project to raise the amount of renewables on the island, but the financing should be in such a way that the tariffs will decrease. WEB started her quest to find subsidies to accomplish this goal. In February WEB presented the plan to the ministries of Infrastructure & Water management (hereafter ministry I&W), Economic Affairs & Climate (hereafter EZK) and Interior & Kingdom Relations (hereafter BZK) and was facilitated to present the project in the Parliamentary Commission of Kingdom Affairs. The project was well received and during the year it looked very positive that the plan would receive subsidies. Unfortunately, during 2020 this has not crystallized yet. In 2021 WEB is continuing her quest.

WEB celebrated on June 19th the fifth anniversary of not having a total black-out. This is a great achievement for small island states. Unfortunately, on July 31st due to human error on CGB side Bonaire experienced a total black-out. The incident was thoroughly evaluated together with CGB and the root cause was identified and acted upon. The incident was reported to the regulator ILT.

The Business Unit Electricity continued with the execution of the maintenance program, replacing older infrastructure and expanding infrastructure for new construction projects that continued even during the COVID-19 pandemic.

Together with the OLB WEB worked on a renewed policy for public lighting with a plan to replace the current street lighting by LED street lighting which can be controlled remotely. The first step is a pilot project for which funds were made available by the OLB at the end of 2020. In 2021 the pilot will take place including the start of the tendering process for the replacement of the current street lighting for LED street lighting in the period 2022-2026.

To prepare for Bonaire as a blue destination WEB is exploring different technologies that support the energy transition on the island. One of them is the use of electric vehicles. WEB explored the field with support of ACE firm from Aruba.

WEB delivered a new Quality Control Document (KCD) to the regulator ILT, which was approved, highly commended and is even used as a reference in The Netherlands.

Waste Water

For Waste Water 2020 was a very good year. After years of struggling to assure the continuity of the waste water operations by securing the needed contracts and financial stream of income, with a lot of effort, end of the year the Waste Water Levy was introduced by the local government. A lot of effort and patience was spent in achieving this, including many negotiations with Ministries and needed exchange of information in the Island Council in December. With this accomplished the Ministry of I&W offered a multi-year subsidy guarantee. Starting 2021 WEB can commence investing in the plant to improve her efficiency.

The OLB also formally appointed WEB as Contract Supervisor for the 9th EDF project and as Contract Supervisor and Tender Supervisor for the 10th EDF. The 9th EDF encompasses the replacement of the defective irrigation lines and civil repair of the booster station. The project started in July and at the end of December 50% of the 10 km trajectory has been replaced. In 2021 the 9th EDF project will be finalized. The 10th EDF encompasses the construction of a new vacuum station in Belnem and expansion of the sewerage system in Belnem and Hato. In 2020 the preparations for the tendering took place and in 2021 the execution will start.

Organizational Development

WEB continues working on digitizing and automating the organization. In different departments systems were implemented or developed to be implemented in 2021. The COVID pandemic caused several projects to be delayed. This year the further development of processes around project management and project administration were successfully implemented and were further fine-tuned. The reports for the financiers and the Supervisory Board were developed and issued. WEB sees the continuation of this development as an important foundation to be able to build on future services that are more digitalized.

Warehouse

In 2020 the Warehouse demonstrated again to keep inventory discrepancies well below limits through its cycle count system and made also important steps in the process of identifying critical stock and clearing dead stock items. The COVID-measures made it important to work in teams, to proactively coordinate the key necessities of the different Business Units and to make sure distance measures could be taken into account while visiting the item locations. Everybody had to place their material requisitions a day in advance, so warehouse could prepare and do the order picking a day ahead to safely support the different teams of the business units. Under the renewed Warehouse leadership, the team found new and better ways of working that contributed to a stronger team spirit in 2020.

Service Station

The Service Station had a challenging year with several long term sick leave cases combined with some preventive quarantine cases during the year. Despite these challenges, Service Station was able to service the vehicles and keep the company fleet running during the pandemic. The department gladly received the approval on the request to advance the recruitment of a mechanic and a coordinator. In the last quarter of 2020 an all-round maintenance technician was hired to fill a long standing job vacancy which has strengthened the team.

Laboratory

The Lab was also not spared from the challenge of working in separate teams during the pandemic and found ways to guarantee the continuity in mandatory analysis of drink- and waste water. Despite many attempts, the pandemic impacted the process of reaching an SLA with Bonlab which suffered considerable delays in their lab certification process. Nevertheless, the lab team focused on their professionalization process towards ISO norms and bought a microbiological analysis cabinet and wrote several SOP's.

Technical Support and Procurement

The Technical Support and Procurement (TSP) department saw an increase in overall requests of services and in particular for inspecting electrical installations. The department and unit leaders saw the necessity to re-evaluate the department organizational structure and the allocation of services. Berenschot conducted research for an optimal restructuring of the TSP department. Some of the acute recommendations were to hire an Electrical Inspector (Keurmeester), a Water Support Engineer, a Business Analyst (formerly Data Analyst) and to better relocate the procurement services out of the department. But other jobs were also recommended like the Procurement Assistant, the return of the Electrical Support Engineer not combined with the IV-er and possible ways to initiate Asset Management in the company. The previously mentioned jobs were approved for the budget of 2021.

Customer Service

The Customer Service department has done her utmost best to keep functioning and providing services to her clients during the pandemic. By working in shifts and with less counter/customer desks open, while keeping strict distance measures and extra control in the reception hall and in the waiting area outside, the Customer Service Department was able to continue providing services to the clients. During 2020 many steps were taken to grant the project to CUSI and to start the development of a new billing system that will go live in 2021. Processes were restructured and steps are taken to improve the customer service. Another big achievement is a new connection policy of which the last draft of the policy document was completed in 2020. In 2021 the formal discussion with ACM will take place and subsequently the grid connection policy will finally be formalized.

HR

The year 2020 started with the completion and implementation of the HR and People Strategy. HR organized a COVID-19 proof employee's day which focused on the health and welfare of the employees. WEB also sponsored a program to stimulate personnel to keep moving and stay healthy during the pandemic. Because the yearly Christmas dinner was cancelled due to COVID the HR department arranged that all employees receive a smart watch to support the movement plan and improve on the employees' consciousness of how much motion is done during a day.

HR was able to support the organisation with sessions including separate management team members on improving personnel well-being, team work and coaching. Even though not all, many recruitment activities continued to take place and new employees were able to join WEB's work force. Special attention was given to the emotional well-being of personnel during COVID. Sessions with psychologists and social workers were organized to keep everybody on track. HR facilitated COVID measures videos to inspire personnel to keep complying with the COVID measures. For the many people that had to work from home during the pandemic, Finance and HR arranged proper facilities where they were missing and arranged a one-time allowance to cover the extra costs for working from home.

Finance

Finance managed to finalize the annual financial audit from distance within the timeframe as submitted in the articles of corporation. All the financial processes could continue to be executed from distance or with half of the team working at the office and the other half at home. The Finance department managed to improve the financial reporting and started with the financial reporting in English for the lenders to comply with the loan terms of the financial agreement. The first drawdowns from the loan were requested and administered. The process of collecting and supplying information to ACM kept improving and compared to last year we managed to finalize the process at an earlier stage. Finance supported all Business Unit Managers and other Managers with the budget cycle within the timeframe set and delivered the annual budget and multi annual budget in time. Finance supported also Customer Service with the development and preparation for the implementation of the Utility Management (billing) System. This is a very important project for Finance once implemented as this will help Finance in continuing to improve its administration process. WEB also started to work on updating and creating a new Financial Policy.

ICT

ICT made huge improvements during 2020 with the implementation of the first fast lanes as determined in the draft ICT-policy document. During 2020 the ICT policy gradually was further shaped and we expect to finalize it in 2021. Through ICT Risk Awareness sessions ICT was able to increase risk consciousness at the Management Team level. Many technical improvements have taken place to improve stability and security level of the network. For ICT the COVID pandemic was also challenging in view that suddenly the whole WEB personnel had to be able to work from home. During this period the ICT department deployed additional security measures such as Virtual Private Network (VPN) and Remote Desktop Services (RDS) technologies to guarantee exclusivity, integrity and availability. Adjustments to the ICT infrastructure monitoring procedures were implemented immediately and especially the incoming VPN connections were continuously monitored. ICT facilitated this situation in a very professional way. As all spare lap-tops were consequently in use in the whole organization, the refreshment of the computer automation was delayed. The composi-

tion of the ICT department was also revisited and some shifts in functions took place. In 2021 new personnel will be recruited.

Social Responsibility

WEB managed to organize a number of activities for the community although less than was planned. In March WEB personnel was still able to participate with Bon Doet and worked on a project at Krusada. The WEB volunteers painted 4 homes intended for clients working on further stability, did work in the yards and cleaning of the green houses. WEB also was able to work together with the Social Services Department of Caribbean Netherlands (RCN-unit SZW) to offer support to the OLB in facilitating a special project for families in need as a result of the COVID-19 measures.

In order to motivate WEB personnel, but also WEB customers to comply with the several COVID-19 measures, WEB developed a COVID-19 video about the COVID-19 measures featuring WEB personnel in the video. This video was shared on WEB's online platforms and on the big screen in the waiting hall.

During the years WEB has always continued to inform her clients about tips and hints on how to save water and electricity and did continue with this effort on various radio stations throughout 2020.

Between the first Corona and the second waves WEB organized in the month of July a tour for children to 4 WEB locations in the context of Buki di Pret. This is a local initiative for children of the elementary schools on Bonaire to organize activities during school summer holidays. Children were able to gain knowledge and interact with WEB professionals at the various facilities.

And last but not least, WEB employees handed out Christmas packages to 52 families in need with the project "It's Christmas in the heart that put's Christmas in the air". And in the ongoing fight against COVID-19 WEB distributed hand sanitizers, facemasks and antibacterial key rings to clients and WEB personnel as an end of the year gift.

Governance

WEB is a public entity, a limited liability company or Naamloze Vennootschap (N.V.), according to Bonairean law. Bonaire has a code of Good Corporate Governance that is applicable for WEB. WEB's goal is to be transparent in her organisation structure, acts, goals and results. WEB works transparent and in good communication with its Shareholder.

The Board of Directors of WEB and the Supervisory Board are responsible for the management and supervision of WEB. To be able to fulfil this responsibility they are supported by an effective program for risk control, internal control and accountants. Also, the regulators Autoriteit Consument en Markt (ACM) and the Inspectie Leefomgeving en Transport (ILT) are important supervisors for WEB. ACM is controlling WEB with supervision on the tariffs and ILT is the supervisory body for the tariff, quality and quantity as supplied by WEB for drinking water and electricity. The Articles of Association and rules and regulations determine the relation between the Board of Directors, Supervisory Board and Shareholder. In the following schematic these relations are presented.

Board of Directors

The Board of Directors of WEB consisted of a CEO and a CFO per January 1st, 2020. Per June 1st, 2020 the Board of Directors has been expanded with a COO after a recruitment process led by the Supervisory Board. The Board of Directors is responsible for the daily operations, the preparation of the strategy, establishing and realization of the operational and financial goals. The Board of Directors is also responsible for the compliance with all rules and legislation, risk management and financing of the com-

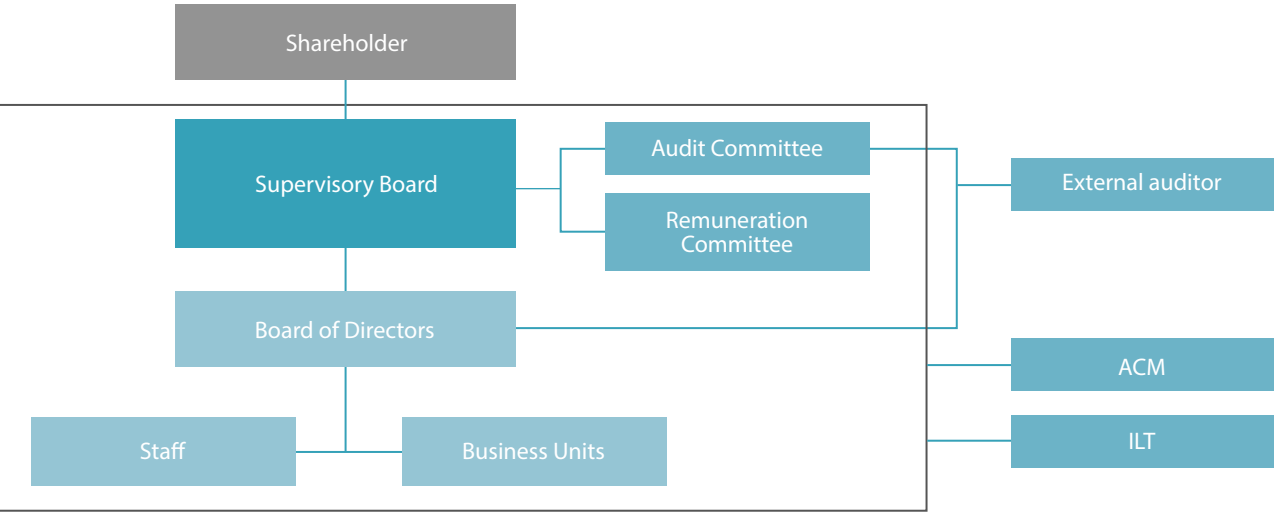
pany. The Supervisory Board supervises the Board of Directors on meeting her commitments. The Board of Directors works in the interest of WEB but always has to gauge the social impact when taking all its decisions. Together with the Supervisory Board, the Board of Directors is responsible for the corporate governance structure of WEB. Members of the Board of Directors are appointed by the Supervisory Board.

Supervisory Board

The Supervisory Board supervises the policy of the Board of Directors regarding realization of the goals of the company, the strategy and the mitigation of the company risks, internal control systems, financial administration and the compliance with legislation. For the Board of Directors the Supervisory Board also functions as an advisory body. The Supervisory Board is tasked with the appointment and assessment of the Board of Directors.

The Supervisory Board acts according to the Supervisory Board protocol in which the composition of the Board, Supervisory Committees, tasks and responsibilities, meetings and decision making is established. The Supervisory Board is collectively responsible for the execution of her task. The Supervisory Board monitors the interest of WEB but always keeps social importance and stakeholder interests in mind.

The Supervisory Board has two permanent committees: The Audit Committee and the Remuneration Committee. Both committees exist of members of the Supervisory Board. The committees prepare decision making for the Supervisory Board regarding decisions in the focus area of the committee.



The Audit Committee has a supervisory role regarding the integrity and quality of the internal and external financial reports of WEB and the effectiveness of the internal control systems. The Audit Committee advises the Supervisory Board regarding the financing policy and financing of WEB, regarding risk management and the use of information and communication technology.

The Remuneration Committee counsels the Supervisory Board on the remuneration and the remuneration policy of the members of the Board of Directors. The Remuneration Committee discusses the goal setting with the member of the Board of Directors and evaluates the results.

Members of the Supervisory Board are appointed by the Shareholder. According to the current Code of Corporate Governance Bonaire the Supervisory Board has to consist of 5 members. Two of the members have been nominated by the Ministry of Economic Affairs (EZK) and the ministry of Infrastructure and Water Works (I&W), respectively. The other 3 members are nominated by the Openbaar Lichaam Bonaire. During 2020 the Supervisory Board consisted of 4 Supervisory Board Members. During 2020

the process to appoint the fifth Board Member has started and appointment has taken place on February 17th, 2021.

Shareholder meeting

Within WEB the highest decision-making body is the General Meeting of Shareholders. In the General Meeting of Shareholders decisions are made regarding the Annual Report of the Board of Directors, the discharge of the Board of Directors and the Supervisory Board, the establishment of the Annual Budget, the policy for the tariffs and the determination of the profit allocation. The General Meeting of Shareholders also appoints the members of the Supervisory Board and the Board of Directors. Yearly there are two General Meetings of Shareholders: one within 6 months after the administrative year end to establish the Annual Report and to discharge the Board of Directors and the Supervisory Board, and one at the end of the administrative year to establish the Annual Budget and the policy for the tariffs. Extra General Meetings of the Shareholder can be requested by the Board of Directors, the Supervisory Board and the General Meeting of Shareholders themselves. This is mostly done when decisions on special issues have to be taken. The Shareholder is

the Openbaar Lichaam, represented by the members of the Executive Council of Bonaire.

External auditor

The General Meeting of Shareholders appoints the external auditor. The Supervisory Board nominates the external auditor supporting on advice from the Audit Committee and the Board of Directors. The independence of the external auditor is the most important criteria. The General Meeting of Shareholders has appointed Ernst & Young as external auditor for WEB in 2018. The appointment lasts until 2021.

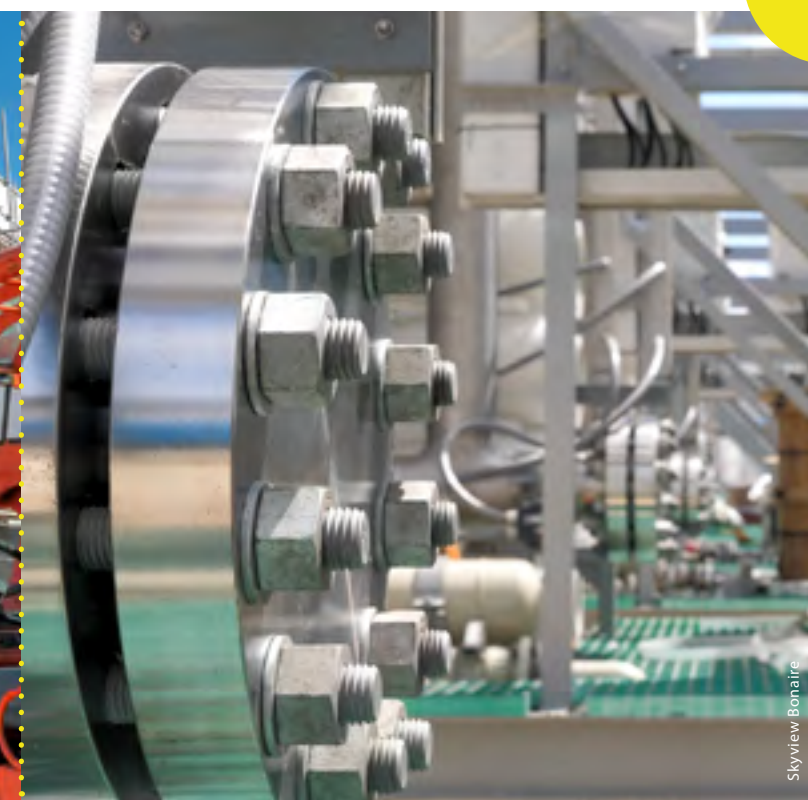
The Audit Committee supervises the relationship with the external auditor. The external auditor participates in the Audit Committee meetings regarding the Annual Report. At least once a year the Audit Committee speaks with the external auditor without presence of the Board of Directors. The external auditor performs an audit on the Annual Report of WEB. The external auditor drafts an auditor's report and a management letter regarding the Annual Report and issues the auditor's report.

ACM

ACM (Autoriteit Consument en Markt) is the legal regulator of WEB according to the BES Act on Electricity and Drinking Water. ACM regulates the tariffs of WEB for drinking water and electricity. To do this ACM examines the WEB accounting to check that WEB is not including non-justified costs in the tariffs. During the year WEB and ACM are continually engaged and WEB has to provide ACM with accounting information to determine the tariffs for the following year. When a WEB client has a dispute with WEB, the client can file a complaint at ACM with ACM's ruling as binding.

ILT

ILT (Inspectie Leefomgeving en Transport) is the legal regulator of WEB according to the BES Act on Electricity and Drinking Water. ILT supervises the capacity and quality of drinking water and electricity as WEB produces (only for water) and supplies to the clients. ILT supervises if WEB complies with the legal requirements. WEB has to draft a Quality- and Capacity Document (KCD) every two years for drinking water and for electricity and ILT has to approve it. In conclusion: WEB is a strongly regulated company with supervision from different perspectives.





Report of the Supervisory Board

Composition of the Supervisory Board

During 2020 the Supervisory Board consisted of 4 Supervisory Board members. Mr. J.C. van Winkelen, president of the Supervisory Board and member of the Audit Committee, is the appointed member on behalf of the Ministry of Infrastructure and Water. Mr. G.A. de Haan, CEO at Cogas & Coteq Netbeheer (grid operator), is president of the Remuneration Committee and appointed member on behalf of the Ministry of Economic Affairs and Climate Policy. Mr. K. Frielink, lawyer, is appointed member on behalf of the OLB and member of the Remuneration Committee. Mr. G.A.S. Stacie, financial auditor, is appointed member on behalf of the OLB and president of the Audit Committee. According to the Code of Corporate Governance Bonaire the Supervisory Board of WEB has to consist of 5 Board Members. This was during 2020 confirmed by the Shareholder. The fifth Supervisory Board member has been nominated by the Supervisory Board and was in progress for appointment. On February 17th, 2021 the fifth Board member has been appointed.

During 2020 the Supervisory Board and the General Meeting of Shareholders have determined the profiles for new Supervisory Board members. The General Meeting of Shareholders has appointed Mr. G. Scharrenberg as COO per June 1st, 2020.

Supervisory Board meetings

During 2020 the Supervisory Board has held four formal Supervisory Board meetings. The intention was that all appointed Supervisory Board members would be physically present in Bonaire, but due to COVID-19 this was not possible most of the time. In general, the Supervisory Board Members had to participate through conference call, sometimes one or two Supervisory Board Members could be present on Bonaire. Next to the formal Supervisory Board meetings the Supervisory Board also held three conference call Board meetings with a less extensive agenda. Only once two of the Supervisory Board members were unable to participate. During this meeting there was a total black-out on Curacao that caused that one of the board members was unable to participate and also another Supervisory Board member was ill. There also have been three formal Audit Committee meetings in which the complete Supervisory Board and Board of Directors were present. In two of the Audit Committee meetings the Auditor was also present (through conference call).

During the Supervisory Board meetings all important subjects were discussed like the Annual Report of 2019, the Annual Budget for 2021 and the multi annual budget and CAPEX for 2022 – 2025, the drinking water and electricity tariffs, the construction of the drinking water plant, the decision to construct a new drinking water reservoir at Seru Largu, the hybrid energy production plan of CGB and the quest for subsidies, the strategy process, the Bonaire Sewage and Sanitation System, the Sewage levy, and the 9th and 10th EDF project.

The Remuneration Committee discussed the goal-setting with the Board of Directors in 2019 and evaluated the functioning of the Board of Directors in special evaluation meetings with the separate members of the Board of Directors during the year and in a formal evaluation meeting at the end of 2020. The Remuneration Committee has instructed Deloitte to conduct research in the remuneration of directors on Aruba, Bonaire and Curacao and also in the secondary terms of employment and rules regarding business travel and declaration.

WEB Bonaire N.V. in 2020

WEB started the year with the quest for subsidies to finance the hybrid plan for the optimal energy mix for Bonaire to reach the 70% of renewable energy resources. Due to the COVID-19 pandemic the situation made the whole world shift focus. For Bonaire the Dutch government quickly decided to grant subsidies on the fixed tariffs for drinking water and electricity as a relief to the Bonaire community. The OLB arranged together with WEB an extra subsidy for the people that were hit the most, to also cover their variable drinking water and electricity tariffs. Thanks to the extra subsidies the financial position of WEB has not been jeopardized in 2020.

After presenting the hybrid plan in February to the Ministries in Holland and also in the Parliamentary Commission for Kingdom Affairs, the outlook to receive the subsidies was positive. Unfortunately, this did not manifest in 2020. Positive element is that the subsidy request was not denied. In 2021 WEB in close cooperation with the OLB, will continue to pursue the subsidy for the hybrid plan with main goal to lower the tariffs for the community. During the year the construction of the new drinking water treatment plant was continued.

The construction process is closely monitored by WEB. WEB supported the contractors to diminish any delays in construction and transportation.

Due to COVID-19 the rapid growth of the demand for drinking water and electricity has reduced. As construction continued during the pandemic, there was still a small growth in demand. WEB was able to continue connecting projects and households to the grid.

In 2020 WEB received the second draft for the proposed change of law of the Electricity and Drinking Water BES act from the Ministry of I&W. WEB was able to give feedback to the proposed change of law in coordination with OLB, UNKOBON and the Social Dialogue consisting of employers of different branches. End of 2020 WEB was informed about research that will be conducted by KPMG commissioned by the Ministry of Infrastructure and Water Management (I&W) in 2021 on the sustainability of the drinking water tariffs. The expectation is that with the outcome of this research the Ministry will finalize the change of law.

An important subject that returned in every Supervisory Board meeting was the situation around the Bonaire Sewage and Sanitation System (BSSS). In close cooperation with the OLB and the Ministry of I&W the financial position of the BSSS was guaranteed. The acceptance of the Waste Water Levy by the Island Council was a very important precondition in this.

The Supervisory Board is delighted to observe that during the COVID-19 pandemic WEB has showed her professionalism and was able to continue her service to the community. After the celebration of 5 years with no total black-out, we were disappointed that on July 31st a total Black-out of electricity production did occur. In close collaboration with Contour Global an analysis has been executed, the root cause was found and measures have been taken to prevent a new total black-out to take place based on the same causes.

The Supervisory Board expresses her appreciation for WEB and her personnel for what has been achieved in 2020.

General meetings of Shareholders

In 2020 two General Meetings of Shareholders have taken place. The first one in June to discharge the Supervisory Board and the Board of Directors of their duties for the year 2019 with adoption of the annual accounts. The second meeting was in December with the approval and adoption of the Annual Budget and the tariffs for 2021.

The Supervisory Board has not completely complied with the requirements of the Corporate Governance Code Bonaire during 2020 as the fifth Supervisory Board position has not been filled. However, the fifth board member has been appointed on February 17th, 2021.



Composition of the Supervisory Board and the Board of Directors per December 31st, 2020

The composition of the Board of Directors was per December 31st, 2020:

Mr. A. Koolman
Chief Executive Officer

Mrs. J. Balentien-Nicastia
Chief Financial Officer

Mr. G. Scharrenberg
Chief Operations Officer

The composition of the Supervisory Board as per December 31st, 2020:

	Resignation per:
Ir. J.C. van Winkelen President of the Supervisory Board and member of the Audit Committee	March 31 st , 2021
Mr. G.A. De Haan President of Remuneration Committee	March 31 st , 2022, can be reappointed
Mr. K. Frielink Member of Remuneration Committee	August 15 th , 2023, can be reappointed
Drs. A.G. Stacie RA CIA CRMA CICA President Audit Committee	December 5 th , 2023, can be reappointed

Vacancy (filled on February 17th, 2021)

Other board memberships

Mrs. J. Balentien-Nicastia is also member of the Supervisory Board of SGB and Fundashon Propriedat Inmobil Boneiru (FPIB).

Mr. J.C. van Winkelen is also President of the Supervisory Board of Douma Staal B.V. and President of the Supervisory Board of Starodub B.V.

Mr. K. Frielink is also president of the Supervisory Board of Bonaire Holding Maatschappij N.V.

Notes to the income statement

Notes to the income statement for the year ended 31 December 2020

1.10.1 Electricity sales in MWh

	2020	2019
Overview (MWh)		
Total generated / purchased	121,134	119,327
Less:		
Self consumption	9,096	8,742
Consumption water plant and water distribution service		
Authorized consumption	112,038	110,585
Billed Metered consumption	102,081	100,663
Grid loss	9,957	9,922
Grid loss (%)	8.85%	8.97%

1.10.2 Electricity revenues per tariff group

	x 1000 kWh		x US\$ 1000		US\$ per 100 kWh	
	2020	2019	2020	2019	2020	2019
Tariff group						
Households Pagabon	9,177	7,584	2,347	2,889	25.57	38.10
Cargill	929	1,000	249	387	26.76	38.70
Street lighting	791	775	487	552	61.58	71.20
Electr KVB 1x25 A	2,507	2,394	656	932	26.17	38.91
Electr KVB 3x25 A	6,491	6,195	1,620	2,084	24.95	33.63
Electr KVB 3x35 A	28,508	26,886	7,045	8,766	24.71	32.61
Electr KVB 3x50 A	6,285	6,688	1,621	2,373	25.79	35.48
Electr KVB 3x63 A	5,673	5,060	1,439	1,805	25.36	35.68
Electr KVB 3x80 A	3,714	3,645	968	1,330	26.06	36.48
Electr KVB 3x100 A	2,258	2,382	592	867	26.22	36.40
Electr KVB 3x125 A	1,491	1,505	387	543	25.95	36.07
Electr KVB 3x160 A	246	365	75	165	30.60	45.30
Electr KVB 3x200 A	173	176	48	76	27.65	43.16
Electr GVB ≥ 30.4 KVA	33,838	36,008	8,599	12,353	25.41	34.31
Consumption Dec.	0	0	(277)	0	0.00	0.00
Subsidy EZK	0	0	8,711	3,386	0.00	0.00
Miscellaneous income	0	0	65	65	0.00	0.00
	102,081	100,663	34,632	38,573	25.60	34.89

Average price per kWh for 2020 and 2019 is at the total tariff group level, excluding subsidy EZK and miscellaneous income. The electricity revenues include an amount of US \$ 8,710,608 received as a subsidy contribution and a Covid Subsidy from the Ministry of Economic Affairs (EZK) to cover 100% of the fixed tariff component. This amount is classified as electricity revenues.

1.10.3 Drinking water sales in m³

Water supply	2020	2019
	m3	m3
Water supply Seru Langu	1,736,482	1,725,902
Water supply Rincon	216,589	205,701
Total water supply	1,953,071	1,931,603
Mutation distribution tanks	(115)	712
Authorized consumption	1,952,956	1,932,315
Billed Metered consumption	1,698,915	1,694,598
Leakage loss	254,041	237,717
Leakage loss (%)	13.01%	12.30%

1.10.4 Drinking water revenues per tariff group

	Billed water in m3		Per tariff group x US\$ 1,000		per m3*	
	2020	2019	2020	2019	2020	2019
Tariff group						
S	880	978	9	10	10.00	10.00
Truck	13,113	12,289	64	70	4.88	5.71
WA01 - 1/2 inch	1,444,547	1,406,021	5,806	7,004	4.02	4.98
WA02 - 3/4 inch	84,627	102,146	368	571	4.34	5.59
WA03 - 1 inch	15,890	23,434	69	127	4.35	5.43
WA04 - 2 inch	88,215	88,709	370	483	4.19	5.44
WA05 - 4 inch	51,643	61,021	256	427	4.96	6.99
Consumption Dec.	0	0	(7)	0	0.00	0.00
Miscellaneous income	0	0	81	145	0.00	0.00
Subsidy I&M	0	0	5,928	4,499	0.00	0.00
	<u>1,698,915</u>	<u>1,694,598</u>	<u>12,944</u>	<u>13,336</u>	<u>4.09</u>	<u>5.13</u>

Average price per m³ for 2020 and 2019 is at total tariff group level, excluding the subsidy I&W and miscellaneous income. The drinking water revenues includes an amount of US \$ 5,928,492 received as a subsidy contribution and a Covid subsidy from the Ministry of Infrastructure and Water Management to cover 100% of the fixed tariff component. This amount is classified as water revenues.

Key Figures

1.11.1 Electricity

	2020	2019	2018	2017	2016
Overview (MWh)					
Generated / purchased	121,134	119,327	113,067	113,378	108,486
Self-consumption	0	0	0	0	0
Consumption water plant and water distribution service	(9,097)	(8,742)	(8,396)	(7,570)	(7,441)
Transformer losses	0	0	0	0	0
Authorized consumption	112,038	110,585	104,671	105,808	101,045
Billed Metered consumption	102,081	100,663	95,077	93,866	90,260
Grid loss	<u>9,9572</u>	<u>9,921</u>	<u>9,594</u>	<u>11,942</u>	<u>10,785</u>
Grid loss (%)	8.85%	8.97%	9.17%	11.29%	10.67%
Energy consumption					
Fuel in thousands of liters	0	0	0	6	151
Liters per 100 kWh	0	27.5	27.5	26.6	26.3

In the year 2020, WEB no longer used the Aggreko's generators, which is reflected in the fuel consumption compared to 2019.

Key Figures

1.11.2 Drinking Water

	2020	2019	2018	2017	2016
Production, supply x 1.000 m3					
Water supply Seru Largu	1,736.48	1,725.90	1,573.61	1,459.97	1,441.32
Water supply Rincon	216.59	205.70	178.11	175.63	179.79
Total water supply	1,953.07	1,931.60	1,751.72	1,635.60	1,621.10
Change in distribution tanks	(0.11)	0.71	0.80	(1.05)	1.04
Authorized consumption	1,952.96	1,932.32	1,752.52	1,634.54	1,622.14
Billed Metered consumption	1,698.92	1,694.60	1,502.91	1,389.72	1,392.90
	254.04	237.72	249.61	244.82	229.24
Increase/(decrease) supply (%)	0.01	0.10	0.9	0.9	0.9
Leakage loss (%)	13.01	12.30	14.24	14.98	14.13
Energy consumption					
Electricity (mWh)					
(exclusief waterdistributiedienst)	3	4	4	4	4
In kWh per m3 water	3.6	3.9	4.1	4.2	4.3
Average price in US \$					
Deliveries per m3	4.09	5.13	5.00	5.84	5.90



2 Financial Statements

2.1 Balance sheet as per 31 December 2020

(before profit appropriation)

(US\$ x 1,000)

	Note	2020	2019
		US\$	US\$
Assets			
Properties, plant and equipment	2.4.6		
Land and buildings		7,792	7,571
Water plant		2,348	2,440
Power plant		132	156
Electricity distribution network		27,176	26,545
Water distribution network		12,799	11,752
Other tangible fixed assets		1,927	1,983
		52,174	50,447
Work in progress		11,211	4,545
		63,385	54,992
Current assets			
Inventories	2.4.7	3,588	3,188
Receivables			
Accounts receivables	2.4.8	5,779	7,012
Other receivables and accrued income	2.4.9	2,373	1,160
		8,152	8,172
Cash and cash equivalents	2.4.10	6,635	510
Total assets		81,760	66,862

2.1 Balance sheet as per 31 December 2020 (continued)

(US\$ x 1,000)

	Note	2020	2019
		US\$	US\$
Equity and liabilities			
Equity	2.4.11		
Share capital		1,668	1,668
Other reserves		37,653	36,415
		39,321	38,083
Net income for the year		664	1,238
		664	1,238
		39,985	39,321
Provisions	2.4.12	885	954
Non-current liabilities			
Borrowings	2.4.13	29,288	10,787
Security deposits	2.4.14	4,415	4,057
		33,703	14,844
Current liabilities			
Bank overdrafts	2.4.15	0	5,333
Current portion of borrowings	2.4.16	614	634
Accounts payable	2.4.17	5,120	5,101
Taxes and social securities	2.4.18	355	328
Other and accrued liabilities	2.4.19	1,098	347
		7,187	11,743
Total Equity and Liabilities		81,760	66,862

2.2 Income Statement for the year ended 31 December 2020

	Note	2020	2019
		US\$	US\$
Revenues from sale of electricity	2.4.21	25,921	35,274
Revenues from sale of water	2.4.22	7,015	8,864
Net sales		32,936	44,138
Electricity subsidy	2.4.23	8,711	3,386
Water subsidy	2.4.24	5,928	4,499
Waste water subsidy	2.4.25	2,220	1,125
Net subsidies		16,859	9,010
Total revenues		49,795	53,148
Fuel and lubricants	2.4.26	4	819
Purchase of electricity	2.4.27	25,851	27,553
Purchase of water	2.4.28	2,898	2,745
Total cost of sales		28,753	31,117
Gross profit		21,042	22,031
Costs of outsourced work	2.4.29	2,010	1,757
Personnel expenses	2.4.30	6,710	6,544
Depreciation expenses	2.4.31	4,818	4,841
Materials and tools	2.4.32	918	1,271
Other operating expenses	2.4.33	4,610	5,599
Total operating expenses		19,066	20,012
Operating result		1,976	2,019
Financial (expenses) / income	2.4.34	(1,312)	(781)
Net Income		664	1,238

2.3 Cash flow Statement for the year ended 31 December 2020

	Note	2020	2019
		US\$	US\$
Cash flow from operating activities			
Operating result	2.2	1,976	2,019
<i>Adjustments for:</i>			
Depreciation expenses	2.4.31	4,818	4,841
Movement in provisions	2.4.12	(69)	(50)
		4,749	4,791
<i>Changes in working capital:</i>			
Movements in receivables	2.4.8/9	19	80
Movements in current liabilities	2.4.17/18/19	798	120
Movements in inventories	2.4.7	(400)	15
		417	215
Cash flow from operations		7,142	7,025
Interest paid	2.4.34	(1,312)	(781)
Interest received	2.4.34	0	0
		(1,312)	(781)
Cash flow from operations		5,830	6,244
Cash flow from investing activities			
Investment contributions received	2.4.6	1,036	1,206
Investments in tangible fixed assets	2.4.6	(14,247)	(8,498)
Proceeds from sale of tangible fixed assets	2.4.6	0	101
Cash flow used in investing activities		(13,211)	(7,191)
Cash flow from financing activities			
Movements in non-current liabilities	2.4.13/14/16	18,839	(2,199)
Cash flow from/(used in) financing activities		18,839	(2,199)
Net increase/(decrease) during the year		11,458	(3,146)
Movement in Cash & Cash Equivalents			
Cash & Cash Equivalents beginning of the year		(4,823)	(1,677)
Net increase/(decrease) during the year		11,458	(3,146)
Cash & Cash Equivalents at the end of the year		6,635	(4,823)

Cash flow Statement for the year ended 31 December 2020 (continued)

The movement in cash at banks and in hand can be broken down as follows:

	Note	2020	2019
		US\$	US\$
Banks current accounts	2.4.10	1,324	258
Suspense account	2.4.10	(20)	11
Cash	2.4.10	(2)	(1)
		1,302	268
Bank overdrafts		5,333	(5,091)
		6,635	(4,823)

2.4 Notes to the financial statements

2.4.1 General notes

Activities

Water- en Energiebedrijf Bonaire N.V. (WEB Bonaire N.V.) is a public limited liability company registered in Bonaire, Caribbean Netherlands (CN). The main activities of WEB Bonaire N.V. consist of the production and distribution of electricity and drinking water on Bonaire. Since March 1st, 2013 WEB Bonaire N.V. operates and manages a small wastewater treatment plant on request of the government of Bonaire, however, the wastewater treatment plant has not been officially transferred to WEB.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of WEB Bonaire N.V. is Kaya Gresia 6, P.O. Box 381 Bonaire C.N. Registered at the chamber of commerce under number 2020003795.

Judgments, estimates and uncertainties

In applying the principles and policies for preparing the financial statements, the board of directors of WEB Bonaire make different estimates and judgments that may be essential to the amounts recognized in these financial statements. In order to provide a true and fair view, the nature of these estimates and judgments, including assumptions related to uncertainties, are disclosed in the relevant note to the account.

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of WEB Bonaire N.V. are regarded as related parties. In addition, statutory directors, other key management of WEB Bonaire N.V. and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not performed under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. Transactions not resulting in inflow or outflow of cash, such as entering into a financial leasing agreement, are not recognized in the cash flow statement.

2.4.2 General accounting policies

General

The financial statements are prepared in accordance with the provisions of Book 2 of the BES Civil Code and the accounting guidelines for the preparation of the financial statements and the annual report for large and medium-sized legal entities as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving') to the extent that these are not conflicting with local applicable laws and regulations, hereafter referred to as Dutch GAAP.

These principles have been chosen by WEB Bonaire N.V. because we believe that the Dutch GAAP provides a good insight and provides a true and fair view to users of the financial statements. The company is located on Bonaire in the Caribbean part of the Netherlands, which forms a special administrative municipality as a Caribbean public body. Due to this political relation and the close relationship with The Ministry of Infrastructure and Water Management and the Ministry of Economic Affairs and Climate we have adopted Dutch GAAP.

Assets and liabilities are generally valued at historical cost, production cost or fair value. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Comparison with previous year

The accounting principles applied in valuation and determining the result are consistent with those used in the previous year.

Foreign currency - Functional and presentation currency

The financial statements are prepared and presented in United States Dollars (USD), which is also the functional currency of the company. Transactions denominated in foreign currencies are initially recorded at the functional currency exchange rates at the date of transaction. Settlement of such transactions and monetary balance sheet items denominated in foreign currencies are translated at the functional currency exchange rates at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation. Foreign currency exchange rate results arising on the settlement or translation of monetary items denominated in foreign currencies are recognized in the income statement.

Operational leasing

The company may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the company. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

Financial instruments

Securities included in current assets are stated at fair value, if these are related to securities held for trading or if they relate to equity instruments not held for trading. All other on-balance financial instruments are carried at (amortized) cost.

2.4.3 Accounting policies applied to the valuation of assets and liabilities

Properties, plant and equipment

Land and buildings are valued at historical cost plus additional costs or production cost less straight-line depreciation based on the expected useful life and impairments. Land is not depreciated. In the event of an impairment loss, measurement takes place at the realizable value; an impairment is recognized and charged to the income statement. With regard to the determination as to whether a tangible fixed asset is subject to an impairment, please refer to note 'Impairment of property, plant and equipment'.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight-line depreciation based on the expected future life and impairments. The production cost consists of the purchase costs of raw and auxiliary materials and costs that are directly attributable to the manufacture, including installation costs.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

For obligations to restore the asset after use (dismantling cost) a provision is recognized for the expected amount at the time of capitalization. This amount is recognized as part of the carrying amount of the asset against which a provision is recognized for the full amount.

The cost of work in progress comprises materials, direct labor, service charges and other costs. Work in progress is not depreciated.

Impairment of property, plant and equipment

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the net realizable value and the value in use. If it is not possible to determine

the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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. An impairment loss is directly recognized in the income statement while the carrying amount of the asset impacted is concurrently reduced.

The net realizable value is initially based on a binding sale agreement; if there is no such agreement, net realizable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. In cases where there is no active market, the net realizable value is derived from generally accepted valuation models. These models are confirmed by an earnings multiple, quoted share prices of listed entities and other fair value indicators available. The costs deducted in determining the net realizable value are based on the estimated costs that are directly attributable to the sale and are necessary to realize the sale.

For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted, based on a discount rate. The discount rate does not reflect risks already taken into account in future cash flows.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill cannot be reversed.

Inventories

Inventories of raw materials and consumables, work in progress (i.e. semi-manufactured goods), finished goods and goods for resale are valued at moving average acquisition prices or at net realizable value. The acquisition or manufacturing price consists of all costs associated with the acquisition or manufacture as well as the costs incurred to bring the stocks to their present location and condition. The provision for obsolete stocks is determined annually on the basis of ten percent of the total inventory value,

excluding spare parts for the diesel generators and water plants. The water inventory is valued at the approximate production cost price. The realizable value of finished products and goods for resale is the estimated sales price less directly attributable sales costs. When determining the realizable value, the obsolete inventories are considered.

Receivables

Receivables are initially recognized at the fair value and subsequently carried at amortized cost. A provision for doubtful debt is recognized when necessary and is deducted from the carrying balance. Transaction costs are also included in the initial valuation and recognized through profit or loss as part of the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement receivables classified under the current assets have a maturity of less than twelve months.

Cash and cash equivalents

Cash and cash equivalents represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is carried at nominal value.

Equity

Common shares and preferred shares are classified as equity. Incremental costs directly attributable to the purchase, sale and/or issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Statutory profit appropriation

In accordance with article 18, the articles of association stipulate that the annual profit achieved is at the free disposal of the General Shareholders' Meeting.

Provisions

A provision is recognized if the group has a legal enforceable or constructive obligation at the balance sheet date and if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The provisions are valued at the present value of the expenditure that is expected to be necessary to settle the obligations, unless stated otherwise. The

amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned as at the balance sheet date. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provision for major maintenance of buildings and restoration obligations

A provision is recognized at nominal value for soil remediation, inspection of water tanks and demolition of old building, roof panels and major maintenance expenditures incurred on major maintenance, a provision is formed to distribute these costs over a number of financial years, with the remaining provision expected to be utilized within one year. The additions to the provision are determined on the basis of the estimated amount of repairs to be carried out and the period that elapses between the major maintenance activities.

Provision for jubilees

The provision for jubilee benefits is measured at the present value of the first upcoming expected jubilee benefits payable during employment. The calculation of the provision takes expected future salary increases and the likelihood of staying employed at the company into account for the period until the date on which the jubilee is reached.

Non-Current liabilities

On initial recognition, non-current liabilities are carried at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term debts are included in the initial recognition. After initial recognition long-term debts are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts and minus transaction costs.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the income statement on the basis of the effective interest rate during the estimated term of the long-term debts. Loans are recognized as current liabilities unless WEB Bonaire N.V. has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

Current liabilities

On initial recognition current liabilities are recognized at fair value. In case the liabilities are not carried at fair value through the income statement after initial recognition, the fair value on initial recognition must be reduced by the directly attributable transaction costs. This usually is the nominal value. The MCB overdraft is recognized as part of debts to lending institutions under current liabilities. The current liabilities have a maturity of less than twelve months.

2.4.4 Accounting policies for the determination of the result

General

The result is the difference between the realizable value of the services provided and the costs and other charges during the year.

Revenue recognition

The results on transactions are recognized in the year in which they are realized.

Net sales include revenues from water and electricity sales recognized in the year in which the delivery takes place. An estimation is made in December for water and electricity sales based on the meter readings in January of the following year. The revenues from water and electricity compromise the water and electricity supplied to consumers. Water and electricity consumption are metered. For metered consumption, the revenues consist of the sales volume multiplied by the m³ price or a kWh price.

Government subsidies

Operating subsidies are recognized in the income statement in the year in which the subsidized costs were incurred, income was lost or when there was a subsidized operating deficit. Government grants related to income are recognized when it is probable that the company will receive the grant.

The revenues from waste water consists (for the time being) entirely from subsidies of the Ministry of Infrastructure & Water Management, through the intervention of the Public Entity Bonaire.

WEB has applied for a multi-year subsidy scheme at the Ministry of Infrastructure and Water Management for the waste water operations of 2020-2026.

The introduction of a waste water levy by the Public Entity of Bonaire was set by Ministry of Infrastructure and Water management as a condition precedent before they agree with the multi-year subsidy scheme. In December 2020, the Public Entity of Bonaire - island council adopted a waste water ordinance. Currently the local government is looking at the best possible way to introduce the levy and is at the same time trying to mitigate the financial effects on the local customers. The Ministry of Infrastructure & Water Management is awaiting the formal introduction of this levy in order to formalize the multi-year subsidy scheme.

Direct cost

The direct cost are those cost that are directly attributable to the production of drinking water and electricity, including the purchase cost of drinking water and electricity and the cost for the consumption of gas and fuel oil.

Employee benefits

Wages, salaries and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities.

Pensions

Premiums are paid on a contractual basis to the Vidanova pension fund by WEB Bonaire N.V. The premiums are recognized as personnel costs as soon as they are due. Prepaid pensions contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Pension contributions that are due but have not yet been paid are presented as liabilities. A provision is recognized for existing obligations (other than the premiums to be paid) towards the pension provider and / or employees. There are currently no (other) existing obligations. In principle, the pension is financed by contributions from the employer and the employee.

Features of the pension plan:

- Pensionable salary base is a conditionally indexed average salary scheme ("middelloonregeling")
- The retirement age in accordance with the pension plan is currently 65 years. The pension premium consists of an employee contribution of 7.5% and an employer contribution of 15%, while the pension build up is 2% per year.

- The pensions can be adjusted annually on the 1st of January based on the "guidelines for determining the level of indexation". In addition, any indexation to be granted in any year can never exceed 4% unless the Board of Supervisory Directors decides otherwise. Indexation is conditional.
- The pension plan is transferred to a multi-employer pension plan.

The coverage ratio of the pension fund for 2020 was 111% (2019: 111%).

Depreciation

Properties, plant and equipment are depreciated over their estimated useful lives as from the moment they are ready for use. Land is not depreciated.

Future depreciation is adjusted if there is a change in the estimated future useful life.

Gains and losses from the occasional sale of property, plant and equipment are included under depreciation in the profit and loss account and are presented in the statement of movements in property, plant and equipment as the difference between divestments and depreciations on divestments.

Exceptional items

Exceptional items are items of income and expense from the normal, non-incidental activities or transactions, but which need to be disclosed separately on the basis of the nature, size or incidental character of the item for reasons of analysis and comparability of the results.

Interest income and expense

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

Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they are realized.

Taxes

From January 1, 2011, the Tax Law BES applies. The profit tax is 0% and a real estate tax has been introduced. WEB Bonaire N.V. has submitted a request to the tax authorities to obtain an exemption from the property tax. This request has been honored by the tax authorities until further notice.

2.4.5 Financial risk management

Financial risk management

The company's activities can be threatened by a variety of financial risks: market risks (including currency risk, interest rate risk and cash flow 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 company.

Market risk

• Currency risk

Foreign currency risks arise when future transactions and assets and liabilities included in the balance sheet have a different currency from the functional currency of an enterprise. WEB Bonaire N.V. runs a limited foreign currency risk on transactions in Euro. Apart from these transactions, in particular with Gasel B.V., and the subsidy received for waste water, the foreign currency risk is not considered to be significant for WEB Bonaire N.V. as most transactions take place in US dollars. The company considers the exchange rate risk acceptable and accounts for any exchange rate differences directly in the incomes statement.

• Interest rate and cash flow risk

WEB Bonaire N.V. in particular incurs interest rate risk on the long-term interest-bearing liabilities. Loans, overrun facility and loans with a variable interest rate lead to a cash flow risk. Fixed-rate loans give rise to a fair value interest rate risk as a result of changes in market interest rates. In addition, WEB Bonaire N.V. incurs risk on fixed-interest loans and receivables with respect to the fair value due to changes in the market rate of interest. WEB Bonaire N.V. has variable-interest long-term commitments that are subject to changes every 5 years.

Credit risk

For the company, credit risk is the risk as a consequence of the uncertainty in a counterparty's ability to meet its obligations. Credit risk within the company mainly appears when billing customers for the delivery of electricity and water. The collection period consists of 30 to 45 days. The risk of bad debts of the outstanding receivables is covered with the security deposits and by timely disconnecting customers for non-payment.

Liquidity risk

Adequate liquidity risk management entails: maintaining sufficient cash and cash equivalents and short-term investments, the availability of financing through committed credit facilities and the ability to close market positions. Cash forecasts are drawn up regularly based on expected cash flows. Management controls the rolling forecasts of the liquidity position based on expected cash flows. On December 20th, 2019, WEB entered into a syndicated loan of US \$ 63.8 million with VidaNova Pensionfund, MCB International and MCB Bonaire as lenders. Part of this loan is an operating facility of US \$ 3.0 million at MCB Bonaire. During 2020 WEB did not use the operating facility.

Operational risk management

In recent years WEB Bonaire N.V. has experienced constant growth in the electricity consumption of the island. As precautionary measures and in the event that it is necessary to meet the electricity demand in the windless periods, WEB has done some preventive maintenance on the dieselplant at Barcadera. WEB Bonaire N.V. approached ContourGlobal Bonaire to expand their production units in order to meet the growing demand for electricity. In March 2018, ContourGlobal (CGB), the owner of the wind park at Morotin and the plant at Karpata, indicated, contrary to previous reports of "right of first refusal", that they would be reviewing their position. From that moment they expressed their intentions to invest in Bonaire to meet the growth and sustainable production mix in accordance with the plans of WEB Bonaire N.V. The strategic change of CGB's position has forced WEB Bonaire N.V. to adjust its future plans.

Price risk

The company is exposed to price risk on price changes of raw materials, especially gas oil. ACM sets maximum tariffs for the production and distribution of electricity and drinking water, the distribution tariff consists of a fixed and variable component. The variable tariff can be adjusted twice a year as a result of fuel price developments on January 1st and July 1st of the year. However, the production tariffs charged to WEB Bonaire N.V. are adjusted monthly. If there is a tariff increase, the company pre-finances this, which has a direct impact on liquidity.

Capital management

The company's objectives when managing its equity is to guarantee continuity and to achieve going concern and an acceptable rate of return. The financial policy is aimed at maintaining a ratio of equity to the balance sheet total of at least 40%.

The ratio of equity to balance sheet total as at December 31, 2020 and December 31, 2019 was as follows:

	2020	2019
	US\$	US\$
Total liabilities	40,890	26,587
Deduct: Cash & Cash Equivalents	6,635	510
Net Debt	34,255	26,077
Total shareholders' equity	39,985	39,321
Total capital	74,240	65,398
Total assets	81,760	66,862
Shareholder equity ratio	48.9%	58.8%

2.4.6 Properties, Plant and Equipment

(US\$ x 1,000)

	Land and buildings	Water plant	Power plant	Electricity distribution network	Water distribution network	Other tangible fixed assets	Work in progress	Total
Balance at 31 December 2019								
Acquisition cost	10,616	9,949	9,468	52,366	32,883	12,229	4,545	132,056
Accumulated depreciation and impairments	(3,045)	(7,509)	(9,312)	(25,821)	(21,131)	(9,436)	0	(76,254)
Impairment	0	0	0			(810)	0	(810)
Book values	7,571	2,440	156	26,545	11,752	1,983	4,545	54,992
Balance at 1 January 2020	7,571	2,440	156	26,545	11,752	1,983	4,545	54,992
Movements								
Investments	451	117	0	2,531	2,781	665	15,917	22,462
Delivered projects in progress	0	0	0	0	0	0	(8,215)	(8,215)
Disposals	-	0	0	0	0	-	0	-
Depreciation	(230)	(209)	(24)	(1,900)	(1,734)	(721)	0	(4,818)
Depreciation disposals	0	0	0	0	0	0	0	-
Investment contribution	0	0	0	0	0	0	(1,036)	(1,036)
Balance	221	(92)	(24)	631	1,047	(56)	6,666	8,393
Balance at 31 December 2020								
Acquisition cost	11,067	10,066	9,468	54,897	35,664	12,894	11,211	145,267
Cum. impairments and depreciation	(3,275)	(7,718)	(9,336)	(27,721)	(22,865)	(10,157)	0	(81,072)
Impairment	0	0	0	0	0	(810)	0	(810)
Book values	7,792	2,348	132	27,176	12,799	1,927	11,211	63,385
Depr. percentages	0 - 2.5	6.66-12.5	6.66 -17	3.33-10	6.66-10	10-33.3	0	0 – 33.3

All land, buildings, machinery, movable assets and approved grants have been pledged and given as a security to the Lenders of the facility for the long-term loan.

2.4.7 Inventories

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Materials and tools	3,071	2,732
Diesel oil	22	7
Chemicals and lubricants	37	58
Goods in transit	320	251
Water	138	140
	<u>3,588</u>	<u>3,188</u>

In 2020, the water supply is valued at the cost of production calculated in 2020 amounting to US \$ 2.67 (2019: US \$ 2.94) per cubic meter.

2.4.8 Accounts Receivables

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Receivables from companies and households < 1 year	2,654	3,996
Receivables from companies and households > 1 year	873	478
Unbilled revenue December	2,544	2,828
	<u>6,071</u>	<u>7,302</u>
Less: provision for bad debt	(291)	(290)
	<u>5,780</u>	<u>7,012</u>

Customers have to pay a security deposit for new water and - electricity connections. The deposit received is considered in determining the provision for doubtful debts. The accounts receivables have a short-term and a long-term character.

2.4.9 Other receivables and accrued income

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Prepayments to suppliers	649	334
Receivable from lender due to overpayment of interest and principle repayment	615	0
Receivable from subsidy for electricity	368	339
Receivable from OLB for infrastructure project	126	126
Security deposits to be received	74	78
Other receivables	541	283
	<u>2,373</u>	<u>1,160</u>

All receivables have maturities of less than one year. The accounts receivables and other receivables carrying values approximate their fair values, given the short-term nature of the receivables and the fact that provisions for doubtful debts have been recognized where required.

2.4.10 Cash and cash equivalents

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Banks current accounts	6,621	474
Suspense account	3	23
Petty cash	11	13
	<u>6,635</u>	<u>510</u>

Cash and cash equivalents relating to petty cash and suspense accounts have been pledged and given as a security to the Lenders of the facility for the long-term loan. The bank account balances held at MCB Bonaire N.V., RBC Royal Bank N.V., Banco di Caribe N.V. and Orco Bank N.V. are all pledged based on the signed 'Deed of pledge of bank accounts' under the loan agreement.

2.4.11 Equity

(US\$ x 1,000)

	Share capital	Other reserves	Result for the year	Total
New balance at 1 January 2020	1,668	36,415	1,238	39,321
Appropriation of profits	0	1,238	(1,238)	0
Result for the financial year	0	0	664	664
Balance at 31 December 2020	1,668	37,653	664	39,985

The company's authorized capital consists of 3000 shares with a nominal value of US\$ 556 each. All the 3000 shares were issued and paid-up in full, 1,500 shares are held by the legal entity Netherlands Antilles and 1,500 shares are held by the island territory of Bonaire.

In October 2013, the WEB Bonaire N.V. Articles of Association were amended. In accordance with article 22 of the transitional provisions section of the

articles of association, the issued shares would be converted from Antillean Guilders to US dollars. This has resulted in a share premium reserve, which was included in other reserves.

Appropriation of current year profits

The company achieved a positive result of US\$ 664,153 for the fiscal year 2020. The board of directors proposes to add the profit of US \$ 664,153 to the general reserve.

2.4.12 Provisions

(US\$ x 1,000)

Provision for jubilees: In accordance with the collective labor agreement of WEB Bonaire N.V., employees are entitled to jubilee payments if they have worked for WEB Bonaire N.V. for a specific period. A provision has been created for this. The provision for jubilee benefits is measured at present value of expected benefits payable during employment for the first upcoming jubilee anniversary. The calculation of the provision takes expected future salary increases and the likelihood of staying employed at the company into account.

Provision for recovery obligation: The board of directors is responsible to restore its own land to their original state where necessary, to clean up and to comply with (environmental) regulations in this area. This provision has been expanded for the inspection of the water reservoirs, demolition of old buildings and roof panels and major maintenance.

2.4.12 Provisions (continued)

	Provision for jubilees US\$	Provision for recovery obligation US\$	Total US\$
Balance as at 31 December 2019	204	750	954
Additions	0	0	0
Releases	(23)	(46)	(69)
Balance as at 31 December 2020	181	704	885

Of the provisions we can allocate an amount of US \$ 181,087 for jubilees and an amount of US \$ 704,267 for the recovery obligation provision, both can be classified as long-term (longer than one year).

2.4.13 Borrowings

(US\$ x 1,000)

	Balance as per 31 December	Current Portion of Long-Term Debt < 1 year	Remaining term 1-5 years	Remaining term > 5 years
	US\$	US\$	US\$	US\$
Syndicated Loan	29,902	614	6,705	22,583

On 20 December 2019 (financial close date) WEB Bonaire entered into a syndicated loan of US\$ 63,8 million. The loan is syndicated to MCB and Vidanova Pension Fund (Lenders). The Agent is Vidanova Bank. The loan consists of three separate loans and an operating facility:

- Facility I – Tranche 1A and 1B for a total amount of US\$ 13.8 million for the repayment of the existing facilities at MCB Bonaire and for the payment of the fees and costs that are due and payable upon completion of this new loan. Facility I – Tranche 1A and Tranche 1B loans are based on a fifteen (15) year amortization comprising of interest and principal as per such amortization.
- The second loan is Facility I Tranche 2A and 2B for a total amount of US\$ 22.0 million and is intended for the construction of the new Water Plant. Facility I – Tranche 2A and Tranche 2B loans are based on a seventeen (17) year amortization comprising of interest and principal as per such amortization.
- The third loan is Facility I Tranche 3A and Tranche 3B for a total amount of US\$ 25.0 million for the refinancing of the existing working capital facilities with Maduro & Curriel's Bank (Bonaire) N.V. and for Permitted Capital Expenditures. Facility I – Tranche 3A and Tranche 3B loans are based on a fifteen (15) year amortization comprising of interest and principal as per such amortization.
- Facility II an operating facility of US\$ 3.0 million denominated as a working capital facility at MCB Bonaire. The interest rate for Facility II is 5% per annum, fixed for a period of one (1) year as from Financial Close. The interest rate of Facility II is to be reset every year according to conditions set in the facilities agreement.

The interest rate for each Facility I loan is 4.75% per annum, fixed for a period of five (5) years as from Financial Close. The repayment of obligations of Facility I is on a quarter basis for Tranche 1A and Tranche 1B for a total amount of US \$ 291,954.56. Meanwhile for Facility I Tranche 2A, Tranche 2B, Tranche 3A and Tranche 3B a grace period of two years is applicable and the company is only required to pay the interest charges. All cash, property plant and equipment and movable assets are pledged, we refer further to the notes in paragraph 2.4.6 and 2.4.7

2.4.14 Security Deposits

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Security Deposits from customers	4,415	4,057

The outstanding deposits are presented as long-term liabilities in accordance with the accounting principles.

2.4.15 Bank overdrafts

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Bank overdrafts	0	5,333

With the new syndicated loan an operating facility of US\$ 3,0 million was arranged for WEB at MCB Bonaire. The interest rate applicable on this facility is 5% per annum and both the facility and the interest rate applied will annually be evaluated by MCB Bonaire. In 2020 WEB did not draw on the operating facility.

2.4.16 Current Portion of Borrowings

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Current Portion of Borrowings	614	634

All current liabilities fall due in less than one year. According to the amortization schedule of the Facility agreement only the short-term portion of Facility I Tranche A and B (2.4.13) is recognized under the current portion of Long-short term debt.

2.4.17 Accounts payable

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Contour Global Bonaire B.V.	2,382	2,315
Other accounts payable	2,738	2,786
	5,120	5,101

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value because of their short-term nature.

2.4.18 Taxes and social security contributions

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Wage tax	229	212
Pension contributions	3	(0)
AOV/AWW premiums	5	5
Health and accident insurance and savings fund	3	3
AVBZ premiums	5	5
ZV/OV/Cs premiums	14	13
Insurance premiums	96	90
	355	328

2.4.19 Other current liabilities and accruals

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Garbage collection fees payable	113	93
Vacation rights	229	176
Audit and consultancy fees	29	73
Invoices to be received	728	5
	1,099	347

2.4.20 Off-balance sheet commitments

Power purchase agreement

Contour Global Bonaire B.V.

As of 2010, WEB Bonaire N.V. is required to purchase a minimum amount of kWh from Ecopower Bonaire B.V. the "take or pay" guarantee. The present value of the future obligations arising from the remaining period, 4 years, of the "Power Purchase Agreement" with Contour Global Bonaire B.V. (formerly Ecopower Bonaire B.V.) amounts to US \$ 69,655,517 at an average purchase price of US \$ 214.50 per MWh and assuming constant market prices for fuel and an annual inflation of 3%. This obligation will be covered by the sale of electricity for the remaining period of 4 years of the Power Purchase Agreement.

Rent agreements

WEB Bonaire N.V. entered into a rental agreement with IBO Bonaire N.V. from March 1, 2016 until February 28, 2018 for the lease of the property at Kaya Gresia 6 in Kralendijk, Bonaire. The lease obligation is US \$ 256,327.80 per year. The lease obligation was extended on March 1, 2018 for a period of 2 years, ending on February 29, 2020. The lease was recently extended again until February 28, 2022.

If the stated rental payments include other components of the agreement, the payments including these other components are included separately.

Water purchase agreement with GE Ionics

WEB Bonaire N.V. signed a water purchase agreement on July 1, 2009 for a period of 10 years. On November 26, 2018, this purchase agreement was amended and extended for a minimum of twelve months. There is a minimum purchase requirement of 127,500 cubic meters of water per month. The agreement provides possibility to increase production capacity. WEB renegotiated with GE a short term contract plant capacity expansion. As per July 2020 the price for the first 127,500 cubic meters was adjusted from US \$ 1,47 to US \$ 1,76 per cubic meter meanwhile the price above the minimum purchase requirements remained unchanged at US \$ 0,65 per cubic meter. GE indexes the purchase price per cubic meter annually. This price change leads to an average monthly obligation of US \$ 211,269.

The obligations from operational leases at the end of the reporting period can be specified as follows:

	Rents	CGB	GE Ionics
Within a year	256	16,314	2,535
Between one year and five years	43	53,341	0
More than five years	0	0	0
Total	299	69,656	2,535

2.4.21 Revenues from sale of electricity

	Billed electricity consumption		Per 100 kWh
	US\$	mWh	US\$
2020	25,921,162	102,081	25.39
2019	35,274,181	100,663	35.04
Increase/(decrease)	(9,353,019)	1,418	(9.65)
Increase/(decrease) in % compared to 2019	(26.52%)	1.41%	(27.54%)

In 2020 the fixed electricity tariff was subsidized for one hundred percent during the period 1 May 2020 until 31 December 2020. For additional information we refer to note 2.4.23.

2.4.22 Revenues from sale of water

	Billed water consumption		Per m3
	US\$	m3	US\$
2020	7,015,076	1,698,915	4.13
2019	8,863,814	1,694,598	5.23
Increase/(decrease) between 2020 and 2019	(1,848,738)	4,317	(1.10)
Increase/(decrease) in % compared to 2019	(20.86%)	0.25%	(21.03%)

2.4.23 Electricity subsidy

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Subsidy from The Ministry of Economic Affairs and Climate Policy	8,711	3,386

A total amount of US \$ 8,711 thousand was recognized under electricity subsidy (2019: US \$ 3,386 thousand). ACM stipulates the maximum tariffs for electricity, these are considered to be cost-effective rates. Based on statutory provisions, the tariffs for electricity charged to the consumers are determined by the OLB. Simultaneously WEB applies for a subsidy to lower the fixed electricity tariffs to the level of the average fixed electricity rate of a Dutch modal household. In 2020 WEB received a subsidy of US \$ 3,681 million to lower the electricity rates according to the Dutch standards.

After an appeal of the Public Entity Bonaire the Dutch government decided to grant additional financial support as a cost mitigation measure to alleviate the economic effects of the pandemic. Due to the COVID pandemic, the Dutch government passed a resolution to subsidize the fixed electricity tariffs of all clients to US \$ 0 per month. The Ministry of Economic Affairs granted a COVID-19 subsidy of US \$ 5,030 million to WEB to cover the remaining part of the fixed electricity tariff. With the tariff support from the Ministry of EZK, any operating deficit is financed in order to enable WEB Bonaire N.V. to apply reduced (non-cost-covering) rates. Consequently, for the period of 1 May 2020 until 31 December 2020 WEB did not charge the fixed electricity tariffs to its clients.

2.4.24 Water subsidy

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Subsidy from the Ministry of Infrastructure and Water Management	5,928	4,499

An amount of US \$ 5,928 thousand was recognized under water subsidy (2019: US \$ 4,499 thousand). ACM stipulates the maximum tariffs for water, these are considered to cover the costs to produce one cubic meter of drinking water. Based on statutory provisions, the rates for water charged to the consumer are determined by the Public Entity Bonaire. Simultaneously WEB Bonaire N.V. applies for a subsidy to lower the fixed water tariff. In 2020 WEB received a subsidy of US \$ 4,738 thousand to lower the fixed water tariffs.

After an appeal of the Public Entity Bonaire the Dutch government decided to grant additional

financial support as a cost mitigation measure to alleviate the economic effects of the pandemic. Due to the COVID pandemic, the Dutch government passed a resolution to subsidize the fixed water tariffs of all clients to US \$ 0 per month. The Ministry of I&W granted a Covid-19 subsidy of US \$ 1,190 thousand to WEB Bonaire N.V. to cover the remaining part of the fixed water tariff. With the tariff support from the Ministry of Infrastructure and Water Management, any operating deficit is financed in order to enable WEB Bonaire N.V. to apply reduced (non-cost-covering) rates. Consequently, for the period of 1 May 2020 until 31 December 2020 WEB did not charged the fixed water tariff to its clients.

2.4.25 Waste water subsidy

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Subsidy from the Ministry of Infrastructure and Water Management	2,220	1,125

This subsidy is provided to cover the costs of the wastewater treatment plant (AWZI) which WEB Bonaire N.V. operates on request of the government of Bonaire. This subsidy was cost-effective in 2020 resulting in a small positive result for the waste water activities executed by WEB Bonaire (see note 2.5).

Waste water operations

At the beginning of 2020 an Agreement was signed on government level on how the waste water operation challenges should be addressed and how the operation will get to a sound financial situation. Agreements were made regarding the several actions that should be taken by each Party as well as the financial contribution that can be expected to make the operations break even. The replacement of the defective irrigation lines and civil repair of the booster station of the 9th EDF are on schedule and are expected to be completed in the first half of 2021. As the contract and tender supervisor WEB prepared and published the tender and recently signed a contract with the winning contractor. The contractor recently started with the excavation work of the 10de EDF consisting of the expansion the sewerage system in Belnem and Hato and the construction of a new vacuum station in Belnem. In accordance with the time schedule completion will take place in July

2022. After completion of the 9th and 10th EDF WEB has to formalize a management agreement with Openbaar Lichaam Bonaire, WEB will then be formally appointed as the operator of the Waste Water plant and infrastructure.

An important condition was the adoption of the waste water ordinance to introduce a waste water levy for Bonaire. In 2020 the levy was accepted by the Island Council with the condition that the amount would be nil in 2021 and to think further about alternative ways to collect the levy.

Purpose of the latter is to mitigate the effects for the weakest pockets in our community and the local government is currently looking into this. Given these developments the Ministry of I&W decided to transfer the subsidy amount of € 2,0 million for the waste water operations of 2020. With this action WEB complies with one of the condition precedents as stated in the Executive Financial Agreement between WEB Bonaire and the Syndicated financial institutions. With the introduction of the waste water levy Ministry I&W intends to phase out the subsidy over a period of five years from € 2,0 million to € 1,0 million. In August 2020 WEB requested the Ministry of I&W in writing to formalize the waste water subsidy for the coming 5 years, up till now WEB is still waiting for a formal response.

2.4.26 Fuel and lubricant expenses

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Fuel and lubricants expenses	4	819

In the year 2020, WEB no longer used the Aggreko's generators, which is reflected in the costs compared to 2019.

2.4.27 Purchase of electricity from CGB

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Operations and maintenance expenses	0	11
Fuel expenses	9,051	9,897
Production price (including interest)	16,800	16,240
	25,851	26,148
Rental expenses Aggreko	0	1,405
	25,851	27,553

In January 2017, Authority for the Consumer Market (ACM) developed a new method to set the new production tariffs. From 2017 onwards, ACM sets the maximum tariffs.

Pre-financing fuel charges in 2020

Due to fuel price fluctuations in 2020 WEB pre-financed an amount of more than US\$ 1,4 million in fuel costs through the ContourGlobal Bonaire 2020 invoices. The pre-financed fuel costs have been included by ACM in the variable tariff per kilowatt-hour and cubic meter water for 2021 resulting in a substantial raise of the variable electricity tariff of 12.17%.

2.4.28 Purchase of water from GE Ionic

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Purchase of water from GE Ionics Aqua Design	2,898	2,745

GE was still in charge of production of 83 % of drinking water in 2020. As WEB is constructing a New Water plant, the contract with GE is expected to be terminated during 2021. The current GE contract has a contract extension option of three months and an early termination option.

2.4.29 Costs of outsourced work

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Maintenance services third parties	1,055	993
Security expenses	695	592
Maintenance of other assets	260	172
	2,010	1,757

We classified all work performed by third and external parties under costs of outsourced work. The expenditures are expenses related to all work performed on all serviceable assets, buildings and other current assets of the limited company.

2.4.30 Wages and salaries

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Wages and salaries	4,840	4,580
Overtime	548	555
Remuneration	1,230	1,220
	6,618	6,355
Medical expenses	39	42
ZV/OV/CS	102	101
Health insurance	705	692
Other employee expenses	211	266
Educational expenses	127	265
Savings fund	46	45
Movements in provision for jubilees	23	0
Pension expenses	568	529
Vacation Pay / Days	53	(1)
	8,492	8,294
Charged and capitalized salaries	(1,782)	(1,750)
	6,710	6,544

Number of employees

As per December 31, 2020, WEB Bonaire N.V. had 137 (2019: 132) employees.

2.4.31 Depreciation

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Power plant	24	23
Water distribution network	1,734	1,392
Electricity distribution network	1,900	1,808
Buildings	230	806
Water plant	209	209
Other tangible fixed assets	327	349
Automation	394	254
	4,818	4,841

2.4.32 Materials and tools

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Materials, fuel, chemicals and tools	7,017	9,036
Capitalized material expenses	(6,099)	(7,765)
	918	1,271

The materials and tools are reclassified from operating expenses meanwhile the materials used and allocated as work in progress are capitalized.

2.4.33 Other expenses

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Insurance and security	381	374
Consultancy	1,498	2,180
Household supplies and inventory	315	237
Costs of Temporary Employees	493	426
Rent, electricity, water and telephone	943	1,101
Fuels cars	104	127
Travel, accommodation and entertainment expenses	28	116
Advertisements and printing	137	108
Other	648	798
Provision for consumer debtors, receivables and write-offs	(9)	36
Exceptional items*	72	97
	<u>4,610</u>	<u>5,600</u>

* Exceptional items

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Use of poles ("pole agreement")	(12)	(12)
Proceeds from the sale of tangible fixed assets	(11)	(330)
Other miscellaneous (income) / expenses	95	439
	<u>72</u>	<u>97</u>

2.4.34 Financial income and expenses

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Interest expenses on loans	(1,261)	(644)
Other interest expenses	(51)	(137)
	<u>(1,312)</u>	<u>(781)</u>

2.4.35 Related parties

Vidanova provides an old age pension plan for employees of WEB Bonaire N.V. In 2015, a new pension agreement and scheme was negotiated with Vidanova. The new pension scheme offers the participant many options with regard to the retirement age. Based on the articles of association of Vidanova, WEB Bonaire N.V. together with the other sponsors of Bonaire, are entitled to appoint participant and employer representation as a member of the board of Vidanova. As of 2015, WEB Bonaire N.V. and the other participants on Bonaire have one member in the management board of Vida Nova.

In 2020 WEB Bonaire N.V. contributed US\$ 545,000 to the pension plan Vidanova (2020: US \$ 516,000).

As at December 31st, 2020 the debt position was US \$ (3,158), (2019: US \$ 168).

There are no transactions that were not entered into under normal market conditions.

One member of the management team of WEB Bonaire N.V. is board member of Vidanova and represents WEB as a sponsor's representative in the Supervisory Board of the pension fund. One of the board of directors of WEB Bonaire N.V. is a member of the Supervisory Board of Scholen Gemeenschap Bonaire. Scholen Gemeenschap Bonaire is also a consumer of WEB Bonaire N.V., their water and electricity consumption is billed monthly.

2.4.36 Remuneration of members of the management board and supervisory board

(US\$ x 1,000)

	2020	2019
	US\$	US\$
Remuneration Management Team	1,222	1,107
Remuneration of Supervisory Board	51	32
Expenses related to pension entitlements	122	107
Total	<u>1,395</u>	<u>1,246</u>

The remuneration package for the members of the management team includes cash incentives, such as salary, holiday pay and social security contributions; deferred compensation, such as pension plans; benefits upon termination of employment, transition benefits related to the board of directors and bonuses.

In 2020, the management team consisted of 10 members (2019: 10 members). One member retired in October 2019, an internal employee was then appointed to the position and immediately became a new management board member.

In 2020 the Supervisory Board consisted of 4 members (2019: 4 members), two of the four members were appointed in 2019, one in August and the other one in December 2019.

2.5 Subsequent events

There are no events after the balance sheet date with a material impact on the year 2020. However there are some events after the balance sheet date that provide further information about the financial position of WEB Bonaire N.V. as at 31 December 2020, which are explained further below.

COVID-19 pandemic

In March 2021 our island experienced for the third time a Covid-19 wave. The Corona infections officially registered reach more than 450 cases this time. In order to avoid a possible higher level of contaminations and a threat to our local healthcare capacity, the local government has taken much stricter measures in the form of a total lock down and a curfew. In 2021, the COVID-19 crisis will also have economic consequences for the island of Bonaire and this will have an impact on WEB Bonaire N.V.'s result for that year. However, WEB Bonaire N.V. does not foresee that the consequences of COVID-19 are of such a nature that it will endanger the continuity of the business or that it should lead to impairment of fixed assets, stocks and/or debtors receivables. WEB has a healthy financial position that will continue to operate within the framework of the legislation. The facility agreement signed in December 2019 also contributes to a healthier cash position of the company in 2021 and the mitigating measures from the central government also provide some support to those hit hardest by the economic impact of the pandemic. In addition, WEB will receive additional subsidy for 2021 for drinking water and electricity in order to cover the fixed usage rates for the year 2021, which is expected to contribute positively to WEB's result in 2021 by compensating the lower revenues due to COVID -19.

Court case Countourglobal Bonaire and its consequences

Up to 2016 the rate charged by CGB was based on the Power Purchase Agreement (PPA). The BES law for Water and Electricity came into force in 2016 and since 2017 the tariffs are regulated and set by Authority for Consumers and Markets ("ACM"). This applies both to the rates that WEB charges to the customers and rates that CGB charges to WEB. As per January 1st, 2017 ACM has set the maximum price that CGB

may charge to WEB. Before determining the tariffs, ACM adopted a tariff calculation method for electricity and drinking water tariffs for the years 2017 - 2019. This method also records a reasonable rate of return, also referred to as the Weighted Average Cost of Capital ("WACC"). When determining the WACC a link is sought with so-called reference companies, for instance companies that are comparable in terms of risk profile and activities. For CGB, ACM had set a WACC for 2017 of 6.48%. CGB could not agree with this WACC and decided to make a formal objection on the ACM WACC decision 2017-2019. On October 3rd, 2017 ACM declared the objection made by CGB unfounded through a formal decision. In a court judgment of August 22nd, 2018, the Court of First Instance of Bonaire, St. Eustatius and Saba (BES) declared the appeal by CGB against the ACM decision of October 3rd, 2017 unfounded. In 2019 CGB decided to appeal the judgment of the Court of First Instance BES in the higher court. WEB decided to join this court case as a third interested party.

On October 20th, 2020 the higher Common Court issued their judgment in favor of CGB and declared WEB as a non-interested third party. The following relevant points were addressed in the judgment of the higher Common Court:

- the appeal court case by CGB against the judgment of the Court of First Instance BES on October 3rd, 2017 is declared well founded;
- set aside the judgment of the Court of First Instance BES
- the appeal lodged by CGB in that case is declared well-founded;
- the decision of ACM of 3 October 2017 on the objection made by CGB, annulled;
- stipulates that ACM must take a new decision on the notice of objection within six weeks, with due observance of this decision.

As a result of this court judgment, ACM adopted a new decision on the objection (besluit op bezwaar: BOB) of CGB, in which it takes into account the judgment of the Joint Court with regard to the reference group, project financing, the gearing of CGB, Weighted Average Cost of Capital (the WACC) and re-establishment of the maximum production price of electricity for CGB for the year 2017.

WEB, as a third interested party, received the draft BOB (Beslissing op Bezwaar Decision on Objection) from ACM on March 5th, 2021. WEB formally reacted on the BOB on March 12th, 2021 and also informed Ministry EZK of the problems that may arise as a result of the BOB.

The judgment of the Common Higher Court specifically addresses three parameters that underlie in the determination of the WACC for CGB:

- Two companies are incorrectly incorporated in the comparison asset beta group;
- Regarding the gearing (debt ratio vs equity) ACM should have assumed the actual ratio of CGB;
- With regard to debt, ACM should have assumed the actual interest costs of CGB (reason: project financing)

On April 29th, 2021 ACM adopted a new decision on the objection based on the Common Higher Court judgment. The WACC for CGB for 2017 has been set at 9.17% (was formerly 6.48%). This adjustment will lead to a subsequent tariff calculation from CGB to WEB of approximately USD 1.2 million for the year 2022. Subsequently this recalculation will be processed by ACM in the variable tariff of 2022 that will be applied to WEB customers. With regard to a possible effect of the court judgment on the tariffs for the years 2018 and up, WEB is currently still waiting for a decision of ACM.

The new calculated WACC and present decision on objection (BOB) primarily concerns the 2017 tariff decision, this also affects the underlying method decision, the consequences for the subsequent years will probably be considerable. The term of the method decision is valid for the years 2017-2019. Although a different tariff calculation method has been adopted and applies for the years thereafter (2020-2022) with some important adjustments compared to the previous one, we can expect the same tariff increasing effect as previous year.

WEB management has made a provisional and indicative calculation of the impact for the period of 2017- 2019 based on the court decision and change in the WACC parameters.

We estimate that approximately US\$ 5.0 million needs to be incorporated in the tariffs. Settlement of an amount of US\$ 5.0 million in one year means an increase of 4.4 ct/kWh throughout the year. It should be noted that a tariff correction for 2020-2021 and a possible tariff increase have not even been included in the indicative calculation.

WEB is doing its utmost to mitigate the effects on future rates by informing its stakeholders in advance, including ACM, Openbaar Lichaam Bonaire and the Ministry of EZK. WEB will continue its efforts to find a practical solution and avoid an exorbitant tariff increase the upcoming years.

28 May 2021

Board of Directors:

Mr. A. Koolman (CEO)

Mrs. J. Balentien-Nicastia (CFO)

Mr. G. Scharrenberg (COO)

Supervisory Board:

Ir. J.C. van Winkelen (chairman)

Mr. G.A. De Haan

Mr. K. Frielink

Dhr. A.G.G. Stacie,

3 Other information

3.1 Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors and Supervisory Board of Directors of Water- en Energiebedrijf Bonaire N.V.

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

Our opinion

We have audited the financial statements 2020 of Water- en Energiebedrijf Bonaire N.V. based in Bonaire.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of Water- en Energiebedrijf Bonaire N.V. as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with Book 2 of the BES Civil Code and accounting guidelines for the preparation of the financial statements and the annual report for large and medium-sized legal entities as published by the Dutch Accounting Standards Board to the extent that these are not conflicting with local applicable laws and regulations.

The financial statements comprise:

- ▶ The balance sheet as at December 31, 2020
- ▶ The income statement for the year ended December 31, 2020
- ▶ The statement of cash flows for the year ended December 31, 2020
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

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

We are independent of Water- en Energiebedrijf Bonaire N.V. in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Report on other information included in the annual report

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

- ▶ The Report of the Board of Directors
- ▶ The Report of the Supervisory Board and
- ▶ Other information consisting of the attachments.

Based on the procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. With these procedures we have met the requirements of International Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the Report of the Board of Directors and the other information in accordance with Book 2 of the BES Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the Board of Directors and the Supervisory Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Book 2 of the BES Civil Code and accounting guidelines for the preparation of the financial statements and the annual report for large and medium-sized legal entities as published by the Dutch Accounting Standards Board to the extent that these are not conflicting with local applicable laws and regulations. Furthermore, the Board of Directors is responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board of Directors is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the Board of Directors and the Supervisory Board of Directors 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.

Curaçao, 28 May 2021
12037703 RNI/23442

Ernst & Young Accountants

Signed by
drs. R.J.W. van Nimwegen RA



Other information

4.1 Tangible fixed assets (x US\$ 1,000)

	Acquisition cost			
	01-01-2020	Investments	Disposals	31-12-2020
	US\$	2020 US\$	2020 US\$	US\$
Lands	825	0	0	825
Buildings	9,791	451	0	10,242
Water plant	9,949	117	0	10,066
Power plant	9,468	0	0	9,468
Electricity distribution network	52,366	2,531	0	54,897
Water distribution network	32,883	2,781	0	35,664
Other tangible fixed assets	12,224	665	0	12,889
Leasehold rights	5	0	0	5
Work in progress	4,545	14,881	8,215	11,211
	<u>132,056</u>	<u>20,849</u>	<u>7,638</u>	<u>145,267</u>

4.1 Tangible fixed assets (x US\$ 1,000) (cont.)

Depreciation				Book values	
Cum. Depr. 01-01-2020	Depreciation 2020	Depr. disposals 2020	Cum. Depr. 31-12-2020	31-12-2020	31-12-2019
US\$	US\$	US\$	US\$	US\$	US\$
0	0	0	0	825	825
3,045	230	0	3,275	6,967	6,746
7,509	209	0	7,718	2,348	2,440
9,312	24	0	9,336	132	156
25,821	1,900	0	27,721	27,176	26,545
21,131	1,734	0	22,865	12,799	11,752
10,241	721	0	10,962	1,927	1,983
5	0	0	5	(0)	0
0	0	0	0	11,211	4,545
77,064	4,818	0	81,882	63,385	54,992

The following depreciation percentages are used:

Buildings	2,5	
Water plant	6,66 – 12,5	
Power plant	6 – 17	
Distribution electricity network	3,33 – 10	
Distribution water network	5 – 20	
Other tangible fixed assets	10 – 33,3
Leasehold rights	2,5	

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