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Semi-annual report 2021

Contents

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Report of the Management Board

This semi-annual report of ESG Core Investments B.V. (ESG Core Investments or the Company) for the period ended 30 June 2021 consists of the semi-annual report of the management board of the Company (the Management Board), including the responsibility statement by the Management Board, and the Condensed Interim Consolidated Financial Statements and the accompanying notes.

About ESG Core Investments B.V.

ESG Core Investments is a limited liability company incorporated under Dutch law (besloten vennootschap met beperkte aansprakelijkheid), with its statutory seat in Amsterdam, the Netherlands. ESG Core Investments was admitted to listing and trading on Euronext Amsterdam on 12 February 2021 pursuant to an initial public offering (IPO) in which it raised € 250 million in gross proceeds.

ESG Core Investments is a Special Purpose Acquisition Company (SPAC) and aims to unlock a unique investment opportunity in Europe within industries that benefit from strong Environmental, Social and Governance (ESG) profiles. The aim is to identify and acquire a stake in a company with a clear ESG focus in the core of its business, that is preferably headquartered in North-Western Europe and is enjoying a strong competitive position within its industry, ideally based on unique technology. At the end of June 2021, we have not yet selected a target company that could be proposed to the General Meeting to vote on. We will continue our search for a business combination with a target company to be completed within the 24-month period from settlement date (the Business Combination Deadline) as announced in the prospectus relating to the IPO dated 11 February 2021 (the Prospectus).

Capital structure

At incorporation, the Company issued 5,000,000 founder shares, each with a nominal value of €0.01, to Infestos Sustainability B.V. (the Sponsor). Prior to settlement of the IPO the number of founder shares has been increased to 6,250,000, each with a nominal value of €0.01. The Sponsor holds all of the founder shares. In case of a successful Business Combination, each founder share will convert into one ordinary share.

Upon completion of the IPO, the Company issued 25,000,000 units for a price of €10 per unit. Each unit consists of (i) one ordinary share with a nominal value of €0.01 per share (the Ordinary Shares); and (ii) one-eighth (0.125) market warrant that has been allotted concurrently with, and for, each corresponding Ordinary Share (such market warrants, the IPO-Market Warrants) and, following completion of the Business Combination, one-eighth (0.125) market warrant shall be allotted for each Ordinary Share that is held by a holder of Ordinary Shares on the day that is two trading days after the date of completion of the Business Combination (such market warrants, the BC-Market Warrants, and together with the IPO-Market Warrants, the Market Warrants). Consequently, the Company issued 25,000,000 ordinary shares and 6,250,000 Market Warrants in aggregate. Each of the Market Warrants will be exercisable after completion of the Business Combination.

The Company issued 4,166,666 founder warrants at a price of €1.50 per founder warrant (the Founder Warrants) to the Sponsor, exercisable after completion of the Business Combination. Each whole Market Warrant or Founder Warrant entitles the holder thereof to exercise such warrant into an ordinary share at an exercise price of €11.50. The Sponsor has the option to exercise the Founder Warrants on a cashless basis in accordance with the terms and conditions set out in the Prospectus.

Furthermore, the Sponsor purchased 1,500,000 units (consisting of 1,500,000 ordinary shares, 187,500 IPO-Market Warrants and 187,500 BC-Market Warrants) at the settlement date of the IPO as a cornerstone investment on the terms and conditions as set out in the Prospectus.

If the Company does not complete a business combination within 24 months from the settlement date of the IPO, the Company shall, within no more than three months after such 24-month period, convene a general meeting for the purpose of adopting a resolution to dissolve and liquidate the Company and to delist the Ordinary Shares and Market Warrants. In the event of a liquidation, the distribution of the Company's assets and the allocation of the liquidation surplus shall be completed, after payment of the Company's creditors and settlement of its liabilities, in accordance with the rights of the Founder Shares and the Ordinary Shares and in accordance with a pre-determined order of priority. There will be no distribution of proceeds or otherwise with respect to any of the Market Warrants or the Founder Warrants, and all such Market Warrants and Founder Warrants will automatically expire without value upon occurrence of such a liquidation.

Escrow

100% of the total amount of gross proceeds of the IPO are held on an escrow account as described in the Prospectus. The escrow account is subject to a negative interest rate of 0.4% in the first year and 0.5% in the second year.

Cost

The Sponsor has provided € 6.25 million to ESG Core Investments through the purchase of Founder Warrants to cover the costs (the Costs Cover) for the IPO and as initial working capital of ESG Core Investments (i.e. costs relating to the search for a business combination and other running costs). The offering expenses and the initial working capital will be fully at risk for the Sponsor in the event no successful Business Combination is completed by the Business Combination Deadline.

Auditor’s Involvement

These condensed consolidated interim financial statements for the period ending 30 June 2021 (the semi-annual report) (het halfjaarlijks bestuursverslag) have not been audited or reviewed by ESG Core Investments’ statutory auditor. Consequently, all information included in this semi-annual report is unaudited.

Risks and uncertainties

Reference is made to the note on forward-looking statements of the press release (Disclaimer) accompanying this semi-annual report and, with regard to risk management, the description of risks relating to ESG Core Investments included in the Prospectus. Additional risks not known to us, or currently believed not to be material, could later turn out to have a material impact on our business, revenue, assets, liquidity, capital resources or net income. ESG Core Investments’ risk management objectives and policies are consistent with those disclosed in the Prospectus.

Responsibility Statement

The Management Board of ESG Core Investments hereby declares that to the best of its knowledge, these condensed interim consolidated financial statements, which have been prepared in accordance with IAS 34 (Interim Financial Reporting), give a true and fair view of the assets, liabilities, financial position and profit of ESG Core Investments and the undertakings included in the consolidation taken as a whole, and that these condensed consolidated interim financial statements give a fair view of the information required pursuant to sections 5:25d(8) and 5:25d(9) of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Condensed interim consolidated financial statements for the period ended 30 June 2021

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Condensed interim consolidated statement of comprehensive income

In EUR '000	Notes	30 June 2021
Revenue from sale of goods		-
Other income		-
Gross Income		**-**
Office expenses		(352)
Operating expenses		**(352)**
Operating Loss		**(352)**
Fair value adjustment of Market Warrant	6	1,000
Effective interest on ordinary shares subject to redemption	6	(1,676)
Interest expenses		(385)
Finance costs - net		**(1,061)**
Net loss before income tax		**(1,413)**
Income tax		-
Net loss for the period		**(1,413)**
Other comprehensive result for the period		-
Total comprehensive loss for the period		**(1,413)**

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Condensed interim consolidated statement of financial position

In EUR '000	Notes	30 June 2021	21 January 2021
Assets			
Current assets			
Trade and other receivables		99	50
Cash and cash equivalents	4	251,639	-
Total current assets		251,738	50
Total assets		251,738	50
Group equity			
Issued share capital		63	50
Share premium		-	-
Other reserve		4,837	-
Total equity		4,899	50
Liabilities			
Non-current liabilities			
Redeemable ordinary shares	6	240,607	-
Market warrants	6	5,313	-
Total non-current liabilities		245,920	-
Current liabilities			
Trade and other payables		529	-
Interest payable		384	-
Current taxes payables		6	-
Total current liabilities		919	-
Total liabilities		246,838	-
Total equity and liabilities		251,738	50

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Condensed interim consolidated statements of changes in equity

In EUR	Notes	Attributable to equity owners of ESG Core Investments B.V.				
		Share capital	Share premium	Retained earnings	Result for the year	Total equity
Closing Balance - 21 January 2021		50	-	-	-	50
Profit (loss) for the period		-	-	-	(1,413)	(1,413)
Other comprehensive income (loss)		-	-	-	-	-
Total comprehensive income (loss) for the period		-	-	-	(1,413)	(1,413)
Transactions with shareholders						
Issuance of founder shares		13	-	-	-	13
Issuance of founder warrants		-	-	6,250	-	6,250
Allocation of profit (loss)		-	-	-	-	-
Closing Balance - 30 June 2021		63	-	6,250	(1,413)	4,899

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Condensed interim consolidated statement of cash flows

In EUR '000	Notes	30 June 2021
Cash flows from operating activities		
Operating Loss		(352)
Adjustments to reconcile profit before taxation to net cash flows:		
Income taxes (paid)/received		-
Share-based payment expenses		-
(Increase)/Decrease in working capital:		
- Increase trade and other receivables		(49)
- Increase trade and other payables and current taxes payable		535
Net cash outflow from operating activities		134
Cash flows from financing activities		
Proceeds from issuance of founder shares		13
Proceeds from issuance of ordinary shares	6	250,000
Transaction cost related to the inssuance of ordinary shares	6	(4,756)
Proceeds from issuance of founder warrants	6	6,250
Interest paid		(1)
Net cash inflow from financing activities		251,505
Net increase in cash and cash equivalents		251,639
Cash and cash equivalents at the beginning of the financial year		-
Effects of exchange rate changes on cash and cash equivalents		
Cash and cash equivalents at the end of the financial year		251,639

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Notes to the condensed interim consolidated financial statements

General information

Reference is made to the report of the Management Board. The Company is registered in the Chamber of Commerce (Kamer van Koophandel) under number 81647034.The Company's Ordinary Shares and Market Warrants are publicly traded on the regulated market of Euronext Amsterdam.

The Company has been incorporated on 21 January 2021. The Company's statutory financial year is the calendar year. Its first statutory financial year is for the period 21 January 2021 to 31 December 2021.

1. Summary of significant accounting policies

Basis of preparation

The condensed interim consolidated financial statements as at and for the period ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for a complete set of IFRS financials Statements and should be read in conjunction with the Special Purpose Financial Statements for the one day period ended 21 January 2021 and the Prospectus. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

These consolidated interim consolidated financial statements include the financial statements of Stichting ESG Core Investments Escrow (the Foundation) (including its restricted cash balances) to align with the reporting requirements of IFRS 10 (Consolidated Financial Statements).

These condensed interim consolidated financial statements were authorised for issue by the Management Board on 29 September 2021.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.
These condensed interim consolidated financial statements have been prepared on a going concern basis.

Basis of measurement

The accounting policies adopted are consistent with those applied in the Special Purpose Financial Statements for the one day period ended 21 January 2021.

2. Critical accounting policies

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reported periods. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty mainly relate to the accounting treatment and valuations for the Companies equity instruments being the Market Warrants, Founder Shares and Founder Warrants.

3. Financial risk management

ESG Core Investments' financial risk management objectives and policies are consistent with those disclosed in the Prospectus.

4. Cash

The gross proceeds of the IPO have been deposited in an escrow account held by the Foundation. These amounts will be released only in accordance with the terms of an escrow agreement between the Company, Intertrust Escrow and Settlements B.V., acting under its trade name Intertrust Escrow Services and the Foundation, as summarised in the Prospectus (see the section The Escrow Agreement).

The escrow account is currently subject to a negative interest rate 0.4% for the first 12 months from the Settlement Date and 0.5% for the 12 months thereafter. As per 30 June 2021 the total amount in the Escrow Account is € 250 million.

5. Fair value of financial instruments

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. IFRS establishes a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and

- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

6. Issuance and accounting treatment of Shares and Warrants

The Company has issued Ordinary Shares, Market Warrants, Founder Shares and Founder Warrants. As of 30 June 2021 the following accounting policy is applied for these instruments:

Ordinary Shares

Since the holders of Ordinary Shares have the right to demand cash (€ 10.00 per share minus negative interest) at the earlier of i) the date of an approved Business Combination in case the shareholder votes against such Business Combination and ii) when no Business Combination materializes within 24 months from IPO, the Ordinary Shares are classified as a financial liability in accordance with IFRS until the point when the redemption feature lapses. These financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The IPO transaction costs of € 4.8 million are allocated pro rata to the Ordinary Shares and to the Market Warrants for the amounts of € 4.7 million and € 0.1 million respectively. The amortization of the IPO transaction cost for the Ordinary Shares transaction costs as per 30 June 2021 is € 1.6 million and is recognized in the profit and loss account. The IPO transaction costs charged to the Market Warrants are directly recognized in the profit and loss account as part of office expenses.

Market Warrants

The Market Warrants classify as a financial liability under IFRS and are initially measured at their fair value. Subsequent to initial recognition, the market warrants are measured at fair value, and changes therein are recognised in profit or loss.

The Market Warrants initial value is determined based on a Level 3 valuation using a binominal tree option pricing model. The fair value per 30 June 2021 is based on a Level 1 valuation using the listed market price of these warrants at Euronext Amsterdam.

Founder Shares and Founder Warrants

The Company has issued Founder Shares and Founder Warrants to the Sponsor. The Sponsor performs services to the Company in relation to e.g. completion of the listing and achieving a business combination within the 24 month window. Management has exercised judgement in determining whether these instruments should be treated as financial instruments or are in the scope of IFRS 2 on share based payments and concluded that the instruments in substance fall in scope of IFRS 2 as equity settled instruments. Although the instruments fall in scope of IFRS 2, under application of the IFRS 2 guidance and management’s assessment no expenses have been recognised in the profit or loss account as of 30 June 2021.

7. Contingencies and commitments

As disclosed in the Prospectus the underwriters are potentially entitled to a BC Underwriting Fee. This fee is only payable upon completion of the Business Combination and will not be paid out of the Costs Cover, but from the funds held in the Escrow Account. As of 30 June 2021, the BC Underwriting Fee is considered a contingent liability under IAS 37.

8. Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control, jointly control or significantly influence the Company are considered a related party. In addition, statutory and supervisory directors and close relatives are regarded as related parties. The Company identified the following related party transactions:

- The incorporation of the Company (including the costs thereof) including the issuance of the Founder Shares;
- the issuance of Ordinary Shares and Market Warrants to the Sponsor as part of the cornerstone investment by the Sponsor;
- the issuance of the Founder Warrants to the Sponsor;
- the charged service fee under the consultancy agreement as disclosed in the Prospectus.

9. Events after the balance sheet date

No such events identified.

Signed for approval on 29 September 2021

F.C.P van Roij	J.G. Slootweg
Managing Director	Managing Director
ESG Core Investments B.V.	ESG Core Investments B.V.