



FINANCIAL REPORT Q1 2022

MPC Energy Solutions

MPC ENERGY SOLUTIONS IS A FULL-CYCLE INDEPENDENT POWER PRODUCER (IPP)

We develop, build, own and operate renewable energy assets, including utility-scale solar photovoltaics (PV) and onshore wind plants, as well as combined-heat-and-power (CHP) installations, energy efficiency and hybrid projects, combining renewable sources and storage technologies.

We generate and deliver clean and affordable energy to public and private commercial and industrial off-takers in developing markets, supporting the transition to a net-zero-emission future. To sell the energy we produce in our plants, we usually sign long-term power purchase agreements (PPA), which help us secure predictable cash flows for our projects while simultaneously allowing off-takers to purchase energy at reliable prices that are usually lower than the applicable tariffs from public utilities.

The Company is currently active in several countries across Latin America and the Caribbean. MPCES intends to expand globally and replicate its business model in other attractive regions, e.g. South East Asia and Australia.

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MPC ENERGY SOLUTIONS N.V.

MPC ENERGY SOLUTIONS IN BRIEF

MPC Energy Solutions N.V. ("MPC Energy Solutions", "MPCES" or the "Company", together with its subsidiaries the "Group") was founded on 4 June 2020 as a Dutch public limited liability company incorporated in the Netherlands and governed by Dutch law. The Company is registered with the Dutch company register under the organisation number 78205123, and its registered office is at Koningin Wilhelminaplein 1, 1062 HG Amsterdam, the Netherlands. The shares of the Company have been listed on the Euronext Growth segment of the Oslo Stock Exchange under the ticker "MPCES" since 22 January 2021.



Solar PV



Wind power



Hybrid



Energy Efficiency

LETTER FROM THE MANAGEMENT BOARD

**Dear Shareholders,
Dear Readers,**

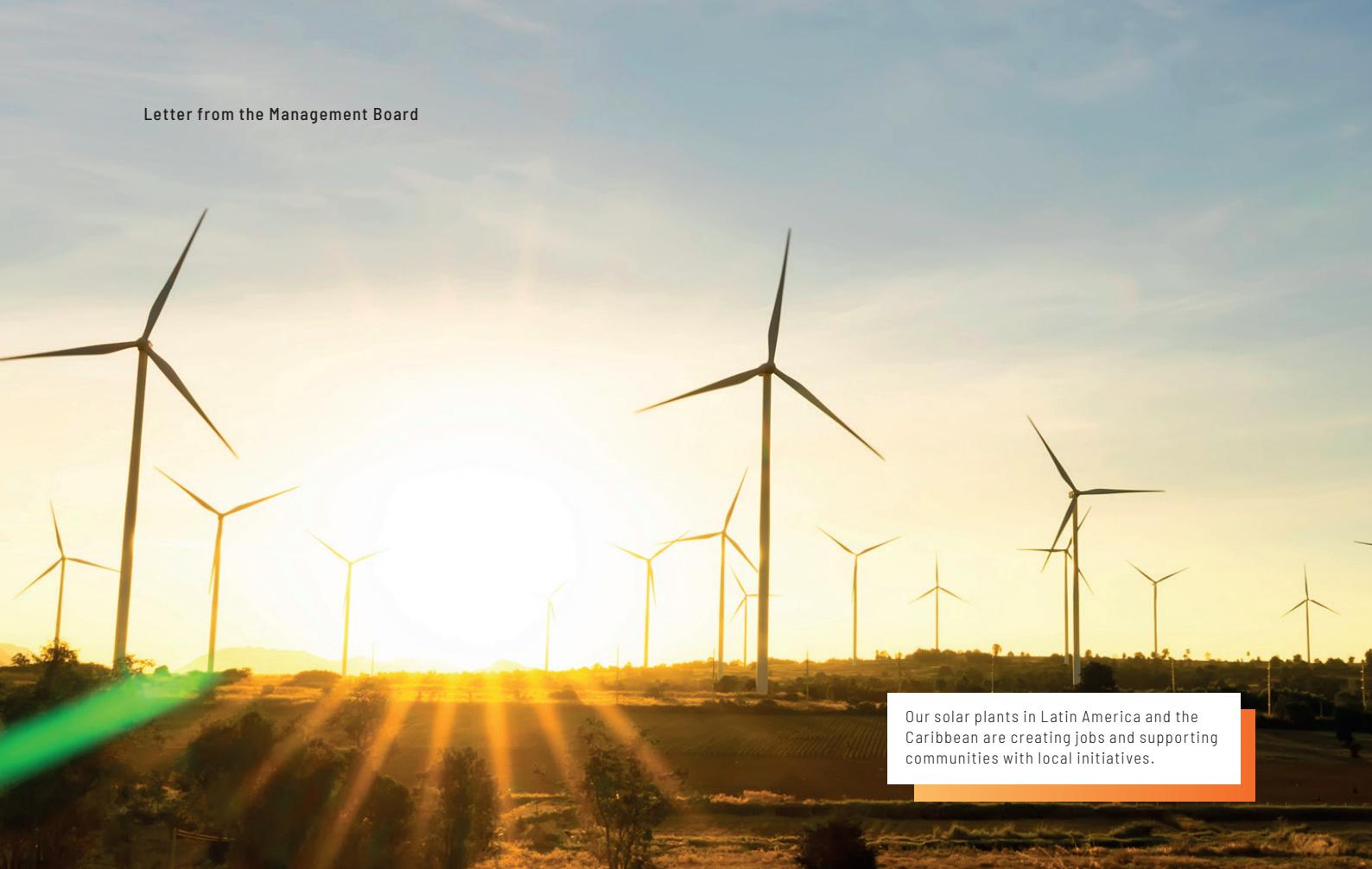
The first quarter of 2022 marks the period in which our company generated revenues for the first time in its history. Following the completion of the acquisition of Los Santos I, a 15.8 MW operational solar PV plant in Mexico on 4 February 2022, we generated USD 0.5 million in energy sales. The performance of the plant in the first seven weeks after becoming part of the Group is in line with our projections, as 5.3 GWh were generated and sold to the project's off-takers in February and March of this year.

We would like to sincerely thank the entire team of MPC Energy Solutions for their commitment and hard work to help us accomplish this important milestone.

INVESTMENTS IN Q1

During the first quarter, we continued to deploy available funds as anticipated, albeit at an accelerated speed compared to 2021:

- + We invested USD 11.3 million to fund construction of our 12.3 MW solar PV plant Los Girasoles in Colombia.
- + We acquired Los Santos I in Mexico for USD 5.0 million (USD 2.5 million of the purchase price were paid in the first quarter of this year).
- + We completed the acquisition of Neol CHP in Puerto Rico for a total amount of USD 9.0 million.
- + In addition, we provided USD 3.9 million to finance construction of our 21.3 MW solar PV projects Santa Rosa and Villa Sol in El Salvador, as planned.
- + And we subscribed to a convertible note issued by our strategic partner Enernet Global, and in the process extended the exclusive agreement we have with Enernet Global by one year and managed to get access to development projects in Asia and Australia sooner than originally anticipated.



Our solar plants in Latin America and the Caribbean are creating jobs and supporting communities with local initiatives.

PROPRIETARY PROJECTS

Our Company was initiated by MPC Capital, which has been developing renewable energy projects in Latin America since 2016. A portfolio of six projects (four in Colombia, one in El Salvador and one in Jamaica), with a total capacity of over 250 MW was contributed to MPCES for the IPO in early 2021. All six projects were still in a development stage at that time.

Since then, we have made significant progress: Two of the projects (one in Colombia and one in El Salvador) are now under construction and will commence operations later this year (34 MW). Two additional projects in Colombia are expected to be ready-to-build in the first half of 2023 (85 MW). And our project in Jamaica will achieve ready-to-tender status later this year (86 MW).

Developing and building projects means creating value. We have done so since the IPO, and as more and more of our projects achieve important development milestones, enter the construction stage and commence operation, this value will be reflected in our financial performance in the quarters and years to come.

Sincerely,

28 April 2022

The Management Board of MPC Energy Solutions N.V.

Martin Vogt
Chief Executive Officer

Stefan H.A. Meichsner
Chief Financial Officer

Q1 HIGHLIGHTS

First power and start of revenue generation

Q1 2022 marked the first quarter in our Company's young history in which we generated energy output and revenues from one of our projects for the first time.

Our projects generated 5.3 GWh of energy. The output is entirely related to the production of Los Santos I (Mexico), which became part of the Group on 4 February 2022. Revenues from Los Santos I between the acquisition date and 31 March 2022 were USD 0.5 million, and the EBITDA margin was 61%. For the full year, the EBITDA margin is expected to be 74%, as several operating expenses are due in the first quarter of a year only and margins improve in the remaining months of the year.

No energy output and income was contributed by Neol CHP (Puerto Rico), as the plant was only acquired at the end of March 2022 and the official commercial operation did not commence before the end of the quarter.

Completion of acquisition of 15.8 MW Solar PV plant Los Santos in (Mexico)

In early February, we completed the acquisition of Los Santos Solar I, a project located in the state of Chihuahua, Mexico. The total investment of MPCES will be up to USD 5.0 million, depending on the net debt as of the closing date.

The solar photovoltaic (PV) plant has been in operation since 2017 and has a capacity of 15.8 MWp, with the potential to be extended to 90 MWp.

Annual output from the plant is expected to be 34 GWh. The project has a long-term USD-denominated PPA with Leoni Cable, a German cable manufacturer, and the International De La Salle Educational Network. The US Government's Development Finance Corporation (DFC) and the North American Development Bank (NADB) provide project finance loans with tenors until 2037.

Completion of acquisition of 3.4 MW CHP Plant in Puerto Rico

In addition, MPCES completed the acquisition of its Neol CHP plant, a 3.4 MW CHP plant in Caguas, Puerto Rico. The USD 9.0 million investment was pending the completion of the construction phase, which has been achieved at the end of March 2022.

The plant is majority-owned by MPC Energy Solutions and is now generating its first kilowatt hours with a long-term PPA in place to supply electricity and steam to Neolpharma Inc., a pharmaceutical company. The official commercial operation will start in the second quarter of this year. Energy production from the Neol CHP plant is expected to be 26 GWh per year. Having a dedicated power source will enable Neolpharma to benefit from a stable supply and reduced thermal energy consumption, resulting in substantial environmental benefits. The plant is forecast to avoid 100,000 tons of CO₂ emissions over the lifespan of the PPA - a reduction in carbon emissions of up to 30%.



Q1 2022 RESULTS

Performance

in million USD unless stated otherwise	Q1 2022	Q1 2021
Energy output (GWh), proportionate	5.3	-
Revenue (proportionate)	0.5	-
EBITDA ¹ (proportionate)	0.3	-
EBITDA (consolidated, group-level)	(0.8)	(0.4)
Total assets	125.4	86.3
Equity	81.8	85.8
Equity ratio	65.2%	99.4%
Cash and cash equivalents	42.9	82.7
Cash flow from operations	(2.7)	(1.0)
Cash flow from investing activities	(19.3)	(2.6)
Cash flow from financing activities	8.9	85.9
FX differences	(0.8)	0.0
Total cash flow for the period	(14.0)	82.3

¹ EBITDA = Earnings before interest, taxes, depreciation and amortization

Consolidated EBITDA reconciliation, in million USD	Q1 2022	Q1 2021
Profit / loss before income tax (EBT)	(1.3)	(0.4)
Share of result in joint ventures	(0.1)	-
Financial income and expenses	0.6	(0.0)
Depreciation and amortization	0.0	0.0
EBITDA	(0.8)	(0.4)

Note: Rounding differences may occur.



The Latin America and Caribbean region has abundant sources of sun irradiation and wind.

Income Statement

In the first quarter of 2022, the Company generated revenues of USD 0.5 million (Q1 2021: nil). Personnel expenses amounted to USD 0.4 (Q1 2021: USD 0.1 million). Other operating expenses totalled USD 0.7 million (Q1 2021: USD 0.3 million). For the first quarter, MPCES recorded an operating loss (EBIT) of USD 0.8 million (Q1 2021, also negative: USD 0.4 million) and a net loss of USD 1.3 million (Q1 2021, also negative: USD 0.4 million).

Financial Position

As of 31 March 2022, the Company has non-current assets of USD 77.8 million (31 December 2021: USD 28.9 million) and current assets of USD 47.5 million (31 December 2021: USD 57.2 million), of which USD 42.9 million were cash and cash equivalents (31 December 2021: USD 56.9 million).

As of 31 March 2022, the Company had an equity position of USD 81.8 million (31 December 2021: USD 85.8 million), non-current liabilities of USD 36.1 million (31 December 2021: USD 0.5 million) and current liabilities of USD 7.6 million (31 December 2021: USD 2.8 million). The non-current liabilities mainly relate to project finance loans for Los Santos I (Mexico) and Santa Rosa / Villa Sol (El Salvador).

Cash Flow

MPCES recorded a negative operating cash flow of USD 2.7 million for the first three months of the year (Q1 2021, also negative: USD 1.0 million). A significant increase in investing activities during the first quarter led to negative cash flow from investing activities of USD 19.3 million (Q1 2021, also negative: USD 2.6 million). Cash flows from financing activities were USD 8.9 million (Q1 2021: USD 85.9 million), resulting in a total negative cash flow for the period of USD 14.0 million (Q1 2021: USD 82.3 million), including effects from currency translations.

OUTLOOK 2022

As of the writing of this report, we have two assets under operation and several under construction, three of which will deliver "first power" by the end of this year. At the end of 2022, MPCES expects to have operational power plants with a proportionate combined installed capacity of over 66 MW, delivering 61 GWh (102 GWh in a full operational year) of clean and affordable energy per year.

We expect proportionate total revenues of USD 4.5 million to USD 5.0 million in 2022 and total proportionate EBITDA of USD 3.1 million to USD 3.5 million (before corporate expenses).

COVID-19

The effects of the COVID-19 pandemic on MPCES and its projects have mostly been contained. However, as communicated in previously published reports, development activities have been delayed in certain countries and jurisdictions, mostly related to government permits. The pandemic will likely continue to have such effects on the Company's business and the global economy.

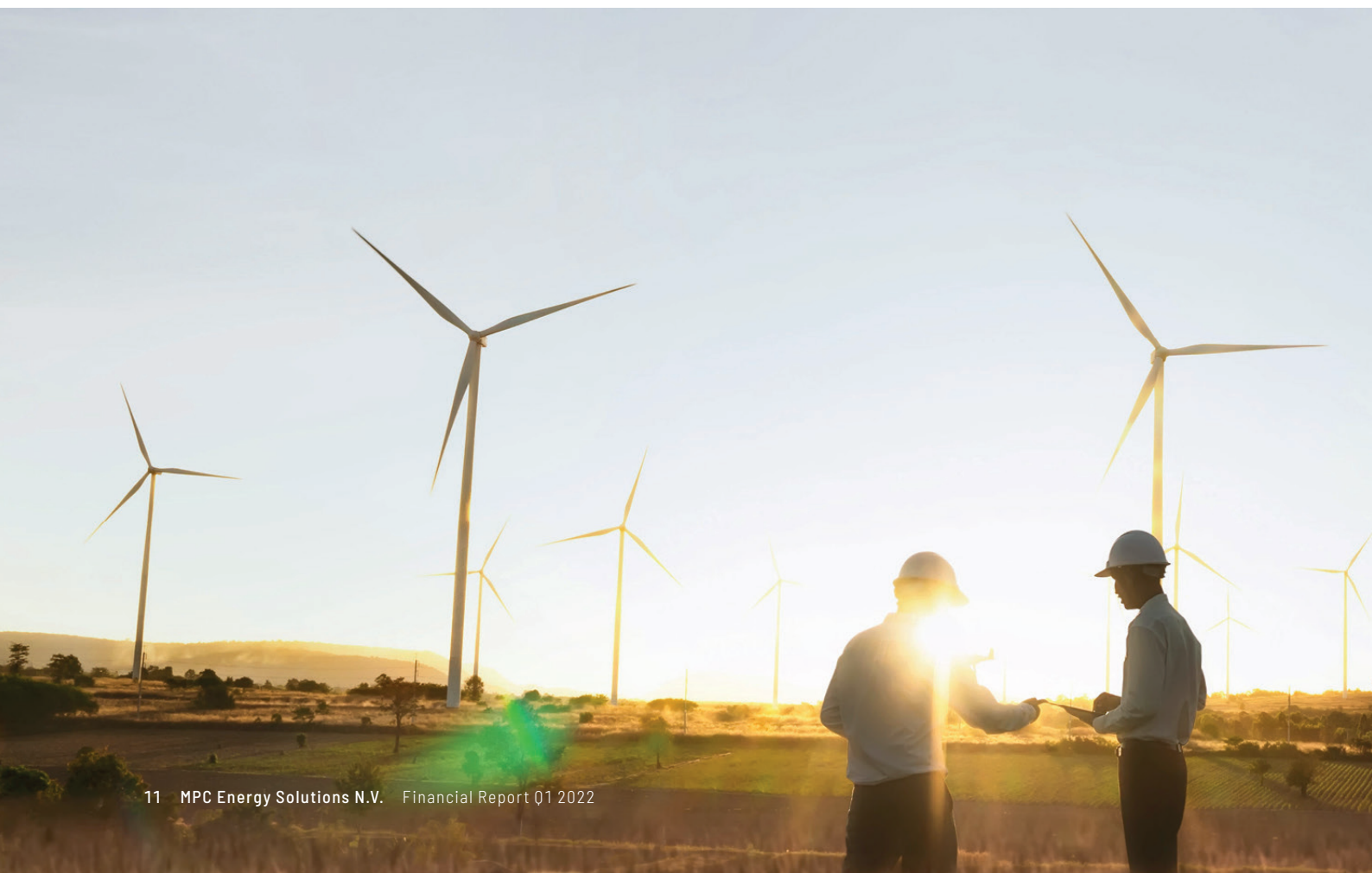
WAR IN UKRAINE

The geopolitical situation in Europe intensified with Russia's invasion of Ukraine in February 2022. Aside from the horrible impact this war has on human lives, the war is also increasingly affecting economies and global financial markets. Sanctions have been and will continue to be imposed, and inflation, supply chain disruptions, and access to commodities present ongoing challenges.

As the Company's business activities are focused in Latin America and the Caribbean, there is no immediate direct impact on our activities or prospects. However, indirect effects may impact the business, both positively and negatively.

Potential negative effects include, without being limited to, higher transportation costs and delayed shipment, volatility in commodity prices and currencies, and cyberattacks.

Potential positive impacts are mainly twofold. Firstly, the increase in energy prices (fossil fuels like oil and gas) have accelerated the political will to transition to alternative sources, including renewable energies, potentially increasing investments and political support for the sector. And secondly, higher energy prices will likely be reflected in the price level of PPAs we intend to close for several of our projects in the coming months.



The management is actively monitoring the situation and potential detrimental impacts closely. As of the writing of this report, the recoverability and value of the Company's assets is not negatively affected. There is no loss of control or of the Company's abilities to exercise influence on the assets and projects it controls. Contractual agreements were not cancelled or modified as a result of the war and its effects, and the Company has not seen any negative effects on foreign currency transactions. The Company does not have suppliers from Russia or Ukraine.

RISK FACTORS

The Company is exposed to a variety of risks. It is considered practically impossible to systematically and sustainably generate risk-free profit. Risks are part and parcel of every company's business activities, and dealing with these risks is among the most important entrepreneurial duties.

The Management Board aims to ensure that the Company has sound internal controls and systems for risk management that are appropriate in relation to the extent and nature of the Company's objectives and activities.

For a summary of the Company's risk categories, please refer to the corresponding section of the Company's Annual Report 2021. The risks position of the Company has not changed substantially after 31 December 2021.

FORWARD-LOOKING STATEMENTS

Certain statements made in this quarterly report, including financial estimates and comments about the Company's plans, expectations, beliefs or business prospects and other statements that are not historical in nature may constitute forward-looking statements under the securities laws. We make these statements on the basis of our views and assumptions regarding future events and business performance at the time we make them, and we do not undertake any obligation to update these statements in the future. Forward-looking statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results expressed or implied in light of a variety of factors, including factors contained in our financial statements, filings and other releases.



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Consolidated Interim Statement of Financial Position

(before appropriation of results)

In USD	Notes	31 March 2022 (unaudited)	31 December 2021 (audited)	31 March 2021 (unaudited)
Assets		125,389,904	86,116,488	86,293,200
Non-current assets		77,845,886	28,930,151	3,458,034
Intangible assets (preliminary)	1	14,090,462	-	-
Property plant and equipment		37,630,391	2,598,057	440,396
Right-of-use assets		525,054	2,503,044	17,638
Investments in joint ventures		7,505,526	7,403,530	-
Financial fixed assets		18,094,453	16,425,520	3,000,000
Current assets		47,544,018	57,186,337	82,835,166
Trade and other receivables		1,158,085	270,386	117,993
Prepayments	2	3,446,366	-	-
Cash and cash equivalents		42,939,567	56,915,951	82,717,173
Equity and liabilities		125,389,904	86,116,488	86,293,200
Equity		81,773,384	82,773,575	85,785,463
Shareholder's equity		81,299,875	82,773,575	85,784,713
Non-controlling interest		473,509	-	750
Non-current liabilities		36,064,084	492,154	-
Project finance loans		35,530,369	-	-
Lease liabilities		533,715	492,154	-
Current liabilities		7,552,436	2,850,759	507,737
Trade and other payables		3,925,831	544,471	179,016
Payables to group companies		5,203	-	292,557
Payables to other related parties	3	325,433	119,855	-
Lease liabilities		-	2,010,890	-
Other payables	3	2,471,343	-	-
Taxes and other social securities		450,474	21,653	-
Accruals		374,151	153,890	36,164

Note: Rounding differences may occur.

Consolidated Interim Income Statement

In USD	Notes	01.01.2022-31.03.2022 (unaudited)	01.01.2021- 31.12.2021 (audited)	01.01.2021- 31.03.2021 (unaudited)
Revenue		544,274	-	-
Costs of revenue		(202,628)	-	-
Personnel expenses		(442,964)	(862,401)	(48,074)
Depreciation		(5,915)	(1,821)	(270)
Other operating expenses		(699,689)	(2,023,252)	(305,297)
Operating result (EBIT)		(806,922)	(2,887,474)	(353,641)
Finance income		178,872	306,710	7,185
Finance costs		(811,057)	(83,728)	(18,233)
Share of result in joint ventures		101,996	(61,338)	-
Profit / Loss before income tax (EBT)		(1,337,112)	(2,725,830)	(364,689)
Income tax expenses		-	-	-
Profit / Loss for the period		(1,337,112)	(2,725,830)	(364,689)
Attributable to:				
- Equity holders of the Company		(1,337,112)	(2,725,830)	(364,689)
- Non-controlling interest		-	-	-
Basic earnings per share - in USD		(0.06)	(0.12)	(0.02)
Diluted earnings per share - in USD		(0.06)	(0.12)	(0.02)

Note: Rounding differences may occur.

Consolidated Interim Statement of Cash Flows

In USD	Notes	01.01.2022-31.03.2022 (unaudited)	01.01.2021-31.12.2021 (audited)	01.01.2021- 31.03.2021 (unaudited)
Operating activities				
Profit / Loss before income tax		(1,337,112)	(2,725,830)	(876,815)
Depreciation		5,915	1,821	501
Adjustments in working capital:				
- Net change in current assets		(3,623,651)	(217,284)	(53,102)
- Net change in current liabilities		2,481,589	(192,158)	1,049,446
Financial income		(178,872)	(306,710)	(14,158)
Financial expenses		811,057	83,728	20,600
Share of result in joint ventures		(101,996)	61,338	-
Interest received		20,574	471	-
Interest paid		(811,057)	(83,728)	(4,266)
Income tax paid		-	-	-
Net cash flow from / (used in) operating activities		(2,733,554)	(3,378,352)	122,206
Investing activities				
Investments in property, plant and equipment		(12,709,968)	(2,250,100)	(317,135)
Investments in right-of-use assets		-	(6,859)	(26,285)
Acquisition of subsidiaries		(5,528,657)	-	-
Investments in financial fixed assets (equity)		-	(2,500,000)	(500,000)
Investments in financial fixed assets (debt and derivatives)		(1,093,007)	(12,545,955)	-
Investments in joint ventures		-	(8,342,169)	-
Net cash flow from / (used in) investing activities		(19,331,632)	(25,645,083)	(843,420)
Financing activities				
Change in share capital		-	2,454,200	265,050
Proceeds from common share issuance		-	84,229,331	64,346
Proceeds from project finance loans		8,850,241	-	-
Loan from related party		-	(822,602)	803,300
Net cash flow from / (used in) financing activities		8,850,241	85,860,929	1,132,696
Net change in cash and cash equivalents		(13,214,945)	56,837,494	411,482
Effects of currency translation		(761,440)	(333,025)	-
Cash and cash equivalents at beginning of the period		56,915,951	411,482	-
Cash and cash equivalents at end of the period		42,939,567	56,915,951	411,482

Note: Rounding differences may occur.

Notes to the Consolidated Interim Financial Statements

GENERAL

Company profile

As an integrated independent power producer, the principal activities of the Company and its subsidiaries are to develop, construct, own and operate sustainable energy projects, including solar and wind assets, and hybrid and energy efficiency solutions.

The registered and actual address of MPC Energy Solutions N.V. is Koningin Wilhelminaplein 1 in Amsterdam, the Netherlands, and the Company is registered at the Dutch chamber of commerce under number 78205123. The Company was incorporated on 4 June 2020.

Going concern

The unaudited interim financial statements are based on the going concern assumption.

Segment information

As of the date of the financial statements, the Group is organized in one operating segment, i.e. development of solar PV projects. As of 31 March 2022, the Group is active in the Caribbean and Latin America as its launch region and going forward it is expected that the Group will expand its business globally.

Forward-looking statements

Certain statements made in this quarterly report, including financial estimates and comments about the Company's plans, expectations, beliefs or business prospects and other statements that are not historical in nature may constitute forward-looking statements under the securities laws. We make these statements on the basis of our views and assumptions regarding future events and business performance at the time we make them, and we do not undertake any obligation to update these statements in the future. Forward-looking statements are subject to a number of risks and uncertainties, and actual results may differ materially from the results expressed or implied in light of a variety of factors, including factors contained in our financial statements, filings and other releases.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial statements for the period ended 31 March 2022 are prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The statements have not been subject to an audit. The statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

The consolidated financial statements are presented in US Dollars (USD). All financial information presented in USD has been rounded to the nearest USD, except where otherwise indicated.

Only standards and interpretations that are applicable to the Group have been included and the Group reviews the impact of these changes in its financial statements. The Group will adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

The accounting policies adopted in the preparation of the consolidated interim financial reporting are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 31 December 2021. Please refer to the Group's consolidated financial statements for the period ended 31 December 2021 for details.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1: A purchase price allocation following the acquisition of Los Santos I (Mexico) and Neol CHP (Puerto Rico) will be performed during the second quarter of 2022 in accordance with IFRS 3. Until the actual purchase price allocation has been performed, we have recognized a preliminary intangible asset of USD 14.1 million as a difference between the enterprise values we estimate for the two entities and the assets recognized on the entities' balance sheets. The recognition has no effect on the Company's profit and loss.

2: Prepayments mainly relate to advance payments made during construction of Santa Rosa / Villa Sol (El Salvador) and Los Girasoles (Colombia).

3: The payables recognized relate to pending payments in connection with the acquisition of Los Santos I (Mexico) and Neol CHP (Puerto Rico). These payments will be made in the second quarter of 2022.

COMMITMENTS

The Group had the following off-balance sheet commitments as of 31 March 2022:

The share purchase agreement with the sellers of Bonilla Zelaya Ingenieros Constructores, S.A. contains provisions regarding contingent purchase price payments depending on certain milestone events in the development and operational phase of the solar PV project. Depending on the commercial success of the project, such contingent purchase price payments may accumulate to a maximum total amount of USD 7.2 million over a period of 20 years (i.e. the operational phase of the asset after successful construction).

A share purchase agreement for 100% of the shares in the project company Los Santos I S.A.P.I. de C.V. (Mexico) was signed in 2021. The transaction was closed on 4 February 2022. The maximum total investment for MPCES, including deferred payments, can amount to USD 5.0 million, of which MPCES, through its subsidiary MPC Energy Solutions Latin America Holding S.L.U. (Spain), has paid USD 2.5 million to the sellers at closing. Deferred payments will be made in the first half of 2022.

